INFLUENCE OF THE FINANCIAL AND ECONOMIC CRISIS ON THE DEVELOPMENT OF MACROECONOMIC PARAMETERS OF ECONOMIES IN THE CZECH REPUBLIC, SLOVAKIA AND AUSTRIA SINCE 2008 TILL 2015[1]

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Vplyv finančnej a hospodárskej krízy na rozvoj makroekonomických parametrov v ekonomike Českej republiky, Slovenska a Rakúska od r. 2008 do r. 2015

Abstract: *A mortgage crisis that later hit the real economy, erupted in the United States in 2007. With a two-year delay, the crisis came to the EU as a result of the interconnectedness of the European Union's and USA's economies. Economies of the EU member states experienced a severe recession in 2009 and the effects of the said crisis are still visible today. The consequences manifest themselves in far lower GDP average growth rates, very low inflation rates (even deflation in Slovakia), stagnating consumption and higher sovereign debt. This paper focuses on the comparative analysis of selected macroeconomic parameters of three neighbouring countries: the Czech Republic, the Slovak Republic and Austria. Macroeconomic indicators analyzed and compared in this paper are the GDP elements, i.e. capital creation, consumption of government, consumptions of households, and exports/imports. Further, this article compares the GDP as a whole, inflation, unemployment, and the government debt.*

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1 Introduction

In 2007, a credit crisis erupted in the United States that hit the financial sector at first, but almost immediately affected the real economy in the US, and the country found itself in a recession after the bankruptcy of the investment bank Lehman Brothers (2008). A year later, as a result of the globally interconnected financial sector, the crisis set in the European Union. The EU felt the effects of the crisis most severely in 2009. That year the economic growth of EU's economies plummeted, the only exception was Poland. The biggest negative externalities of the economic recession and of the necessary expenses on the restructuring of existentially threatened financial institutions were experienced in the USA and in the Eurozone's peripheral economies (especially Ireland, Portugal, and Greece). The first bank rescue at the expense of the public finances was performed in Ireland in 2008. A healing process of recapitalization of the banking sector sharply increased the public debt; this increase has made Ireland one of the most indebted countries in the EU at present. In the case of Greece, the crisis only sped up the process of losing the markets' trust, which stopped believing that the country would be capable of meeting her creditors' claims. Greece managed to mask the chronically high budget deficits and the real amount of the public debt by creative accounting practices even before its acceptance to the Eurozone in 2001. Its accounting trick consisted of swap operation with a fictional forex exchange rate prepared by the economists with Goldman Sachs from the USA. Keeping Greece in the Eurozone was possible only at the expense of the private creditors that had to suffer haircut under the dictate of the so-called Troika (IMF, The World Bank, and ECB). Other countries, for example Italy, also experienced problems as for instance high interest rates on the bond market, but those problems were not so serious as those experienced by the countries that had to ask for an external help. The situation only calmed down when the governor of the European Central Bank announced that he would be ready to do everything to save the Euro. However, if we have a look at the economic indicators, not only of the Eurozone countries but of the EU as a whole,

the impact of the crisis from 2009 is still clear. Slovakia, the Czech Republic and especially Austria belong to a group of countries that managed to withstand the eruption of the crisis in 2009 relatively well, but they still did not manage to avoid all its negative consequences, which last until today. The GDP in all three countries does not grow at such pace as it used to before the recession in 2009. Slovakia's unemployment rate, which was already high before recession, had risen further and the country keeps fighting the deflation since 2014. This paper focuses on a comparison of the impacts of the crisis on the economies of Slovakia, the Czech Republic and Austria.

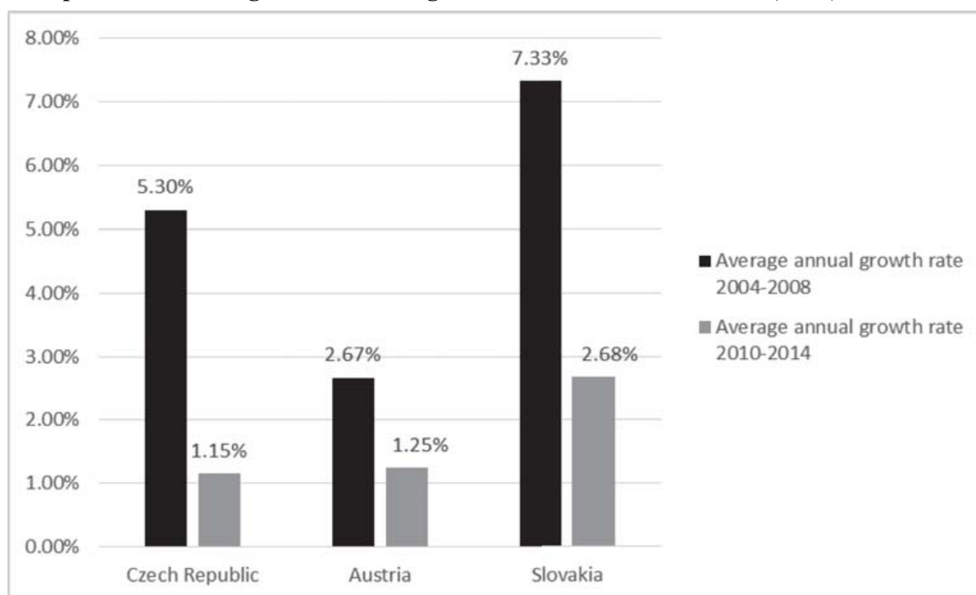
2 Decrease of GDP

All the three countries compared in this paper are connected with a fact that they recorded a year-on-year decrease of GDP in 2009. A Slovak Republic's economy decreased by 5.49% in real terms and the Czech Republic did not fare much better since its GDP decreased by 4.84% in the same year. Austria's GDP felt by 3.8% in 2009, which is a better result compared to its neighbours and to the average decrease of GDP in 28 countries of the European Union amounting to 4.37% [13]. The compared countries experienced recovery of the economic growth in 2010. However, this recovery had different extent. The GDP of Slovakia experienced the strongest rise with 5.08% whilst the Czech Republic's economy grew by 2.3% and Austria's GDP by 1.93%. Since then Slovakia's economy has kept mildly growing, while the Czech Republic recorded a decrease in GDP closely under 1% in 2012. In 2013, the Czech Republic's economy shrank again by roughly 0.5%. Austria's GDP had grown in the next five years between 2011 and 2015 by an average rate of 1.02%.

However, it can be said about all three countries, that even though their economic activities are growing, the pace of that growth is significantly slower than it was before the crisis. If we look at the rate of the five-year (2004 – 2008) average growth before the arrival of the crisis to the EU, we will find out that the GDP was growing 5.3% a year in the Czech Republic; in Slovakia it was 7.33% and in Austria 2.67%. The average annual growth in after-crisis years (2010-2015) dropped significantly: in Slovakia to 2.68%, in the Czech Republic to 1.15% and to 1.25% in Austria.

Figure 1

Comparison of average annual GDP growth before and after crisis (2008)



Source: own graph and calculations based on the data from Eurostat [6].

These numbers indicate that the crisis has still a very visible influence on the economies of both countries. There is one more interesting consequence of the crisis that should be pointed out. Based on Figure 1, it seems that the Czech Republic no longer experiences the so-called catch up effect, meaning that it has stopped growing significantly faster than the developed economies of the West. As one can see, the Czech Republic's post crisis average growth rate is only 1.15%, which is 0.1% lower than the Austria's average. Following sections provide an analysis of individual GDP elements.

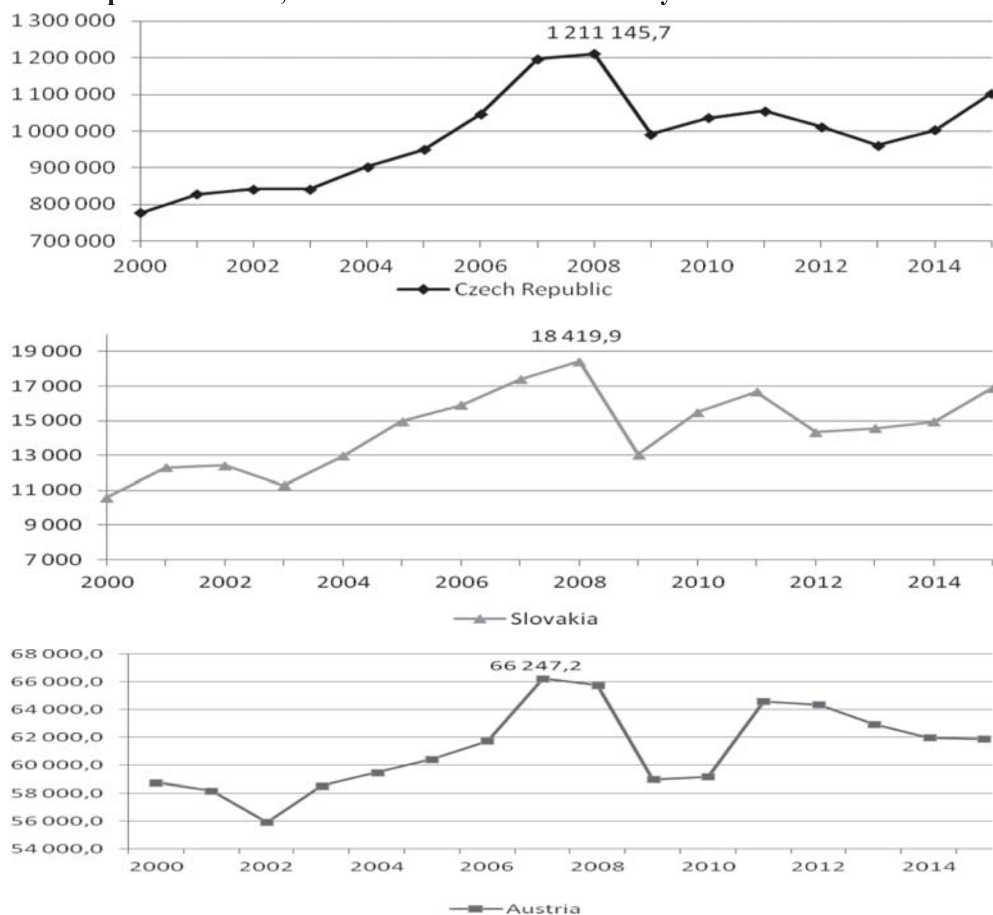
2.1 Gross capital formation

Value of this indicator reached its peak in 2008 in Slovakia and the Czech Republic and one year earlier in Austria. Two years later, all compared countries underwent a recession and the formation of gross capital significantly decreased in 2009. In Slovakia, this decrease was 29.2%, in the Czech Republic 18% and about 10.3% in Austria. Expressed in absolute terms, gross capital formation was 18.4 billion EUR in 2008 in Slovakia, whereas in 2009 it dropped to EUR13 billion. In the case of

Austria, it was a drop from EUR65.8 billion in 2008 to a value slightly below EUR59 billion in 2009. Based on the available data, it can be seen that the level of the gross capital formation still has not reached the pre-crisis levels [6].

Figure 2

Gross capital formation, million units of national currency

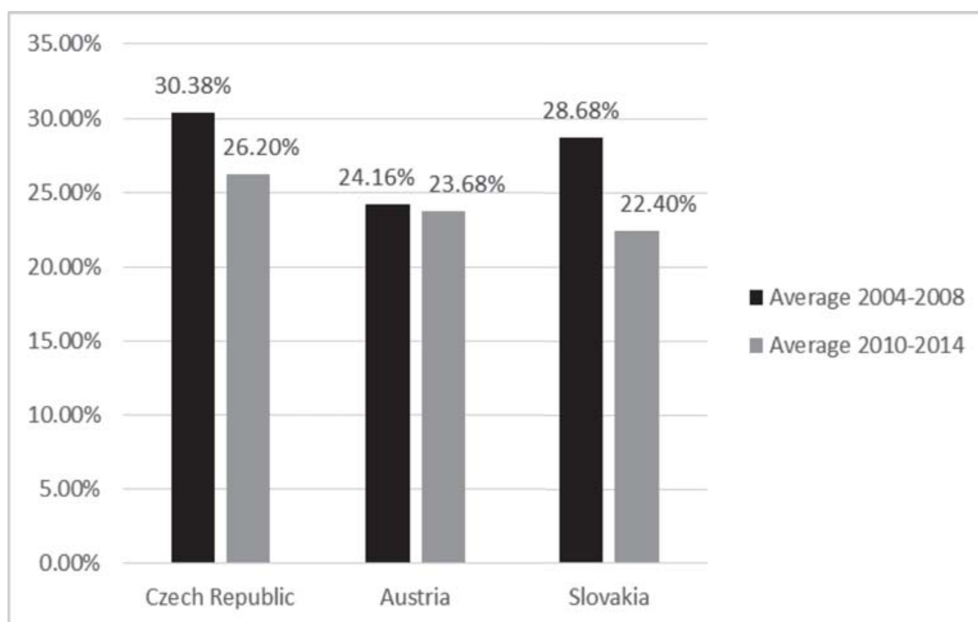


Source: own graph based on the data from Eurostat [6].

It is also noteworthy that this parameter's share of the GDP has decreased significantly in the Czech Republic and especially in Slovakia, but it almost did not change on average in Austria. It is also important to mention that this parameter's share of GDP remained at the same level as it was in the beginning of the era of the independent existence of Slovakia and the Czech Republic [15].

Figure 3

Gross capital formation, percentage of GDP



Source: own graph and calculations based on the data from Eurostat [6].

2.2 Consumption of government and households

As one can see in Figure 4 below, the crisis had an effect on the consumption of the government and households alike.

Figure 4

Consumption expenditure of general government and households, year over year

Households/Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czeh Republic	0.45%	0.30%	0.40%	1.11%	3.05%	0.39%	-2.95%	-1.79%	2.36%	1.79%
Austria	2.25%	3.21%	1.44%	3.68%	2.46%	0.13%	0.02%	0.15%	0.58%	0.83%
Slovakia	5.11%	9.38%	0.28%	6.68%	5.99%	1.80%	-1.71%	-2.60%	2.15%	5.95%
Households/Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czeh Republic	3.08%	3.70%	4.15%	2.94%	-0.67%	1.04%	0.28%	-1.50%	0.69%	1.46%
Austria	2.16%	2.11%	0.94%	0.79%	0.50%	1.11%	1.35%	0.49%	-0.03%	-0.02%
Slovakia	5.89%	5.93%	7.68%	6.01%	-0.57%	0.41%	-0.58%	-0.42%	-0.80%	2.35%

Source: own table and calculations based on the data from Eurostat [6].

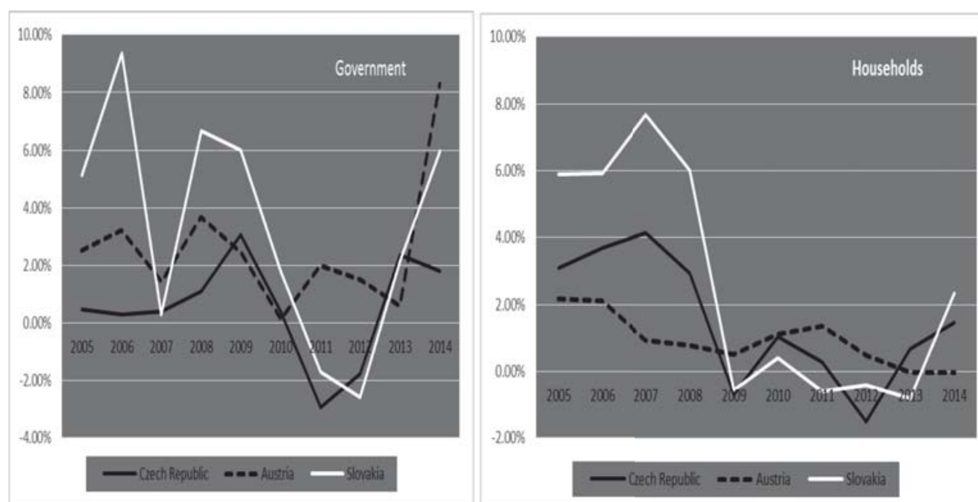
The consumption of government was growing only at a very slow pace before 2009 in the Czech Republic. This parameter has become more volatile since then, when in 2011 and 2012 it registered a decrease, which was replaced by small growth in the following years. In contrast to the Czech Republic, the consumption of Slovakia's government was significantly growing before 2009. Only after this year, the growth slowed down and it was even replaced by a decrease which lasted since 2011 till the end of 2013. In contrast to both other countries, Austria did not experience a decrease of consumption expenditure, but the pace of growth stagnated after 2009 on a very low level, under 0.35% on average.

Concerning the impact of the crisis on the households' consumption, the Czech Republic and Slovakia experienced similar effects. An obvious growth trend in both countries was replaced by stagnation in the Czech Republic and in the case of Slovakia, this parameter registered a slight decrease. However, this indicator grew in both countries in 2014 and its value in both cases was slightly higher than it was in 2008. The development of households' consumption expenditure in Austria was fundamentally different. The steady declining growth rate between 2005 to 2012 (with a brief interruption in 2010 and 2011) was replaced by a minimal decrease during the following two years.

In 2014, in the Czech Republic, the consumption was at the level of roughly 1.74 trillion CZK, which is by 1.27% more than in 2008. In Slovakia, the consumption of households reached EUR33 billion, which is only 0.36% more than in 2008. That can be explained by the stagnation of the growth of earnings, higher number of the unemployed and a weaker job security. All these factors give incentives to people to save more. By contrast, in Austria one can observe a long-term trend of a declining growth pace; nevertheless, the expenditure of households rose between 2008 and 2014 by 3.44%. It is also to be noted that the development of both compared consumption types in Austria was far less volatile in general, as the figure on the following page reflects.

Figure 5

Consumption expenditure of general government and households, year over year



Source: own graph based on the data from Eurostat [6].

2.3 Export and import of goods and services

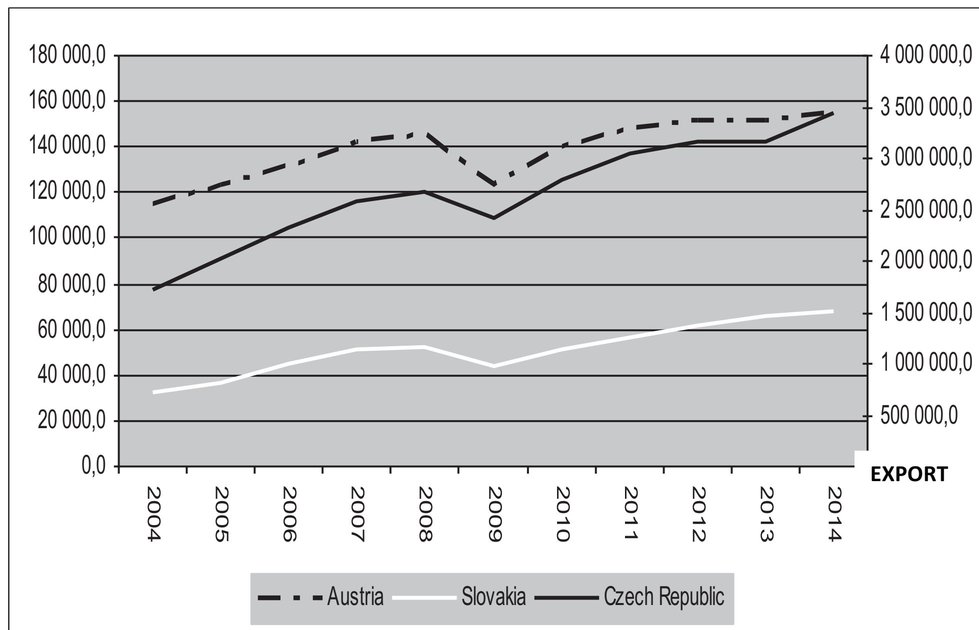
This aspect of GDP was severely affected by the crisis only for a brief period in all the compared countries. The steady grow of exports[5] since 2002 till 2015 was disrupted in 2009. But already in 2011 (and 2010 in the Czech Republic) the pre-crisis values of the year 2008 were achieved and overcome in the next years [6]. The stated below Figure 6 reflects this development.

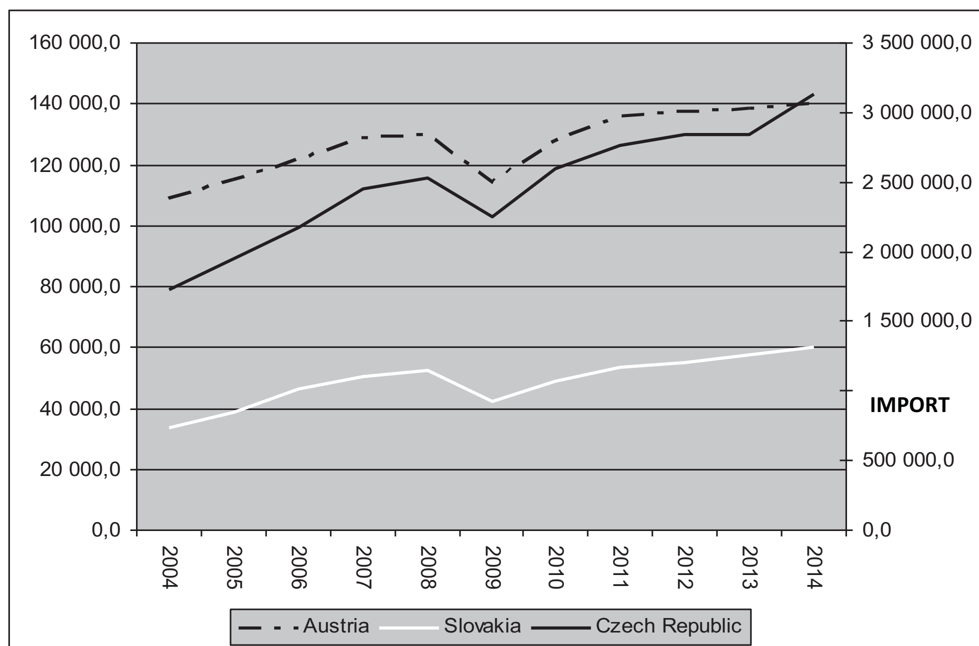
However, it should be mentioned that the speed of growth of export and import slowed down after 2009, which is a logical result of the slowdown of the economic growth in the whole European Union. For example, the four-year average growth of exports in pre-crisis years between 2004 and 2008 was 13.56% in Slovakia, 11.94% in the Czech Republic and 5.9% in Austria. After the crisis, the rate decreased between 2010 and 2015 to 9.38%, 7.43% and 4.86% for Slovakia, the Czech Republic and Austria, respectively.

5 Exports and imports data (Eurostat 2016), million units of national currency.

Figure 6

Export and import of goods and services, million units of national currency (CR – right hand axis)

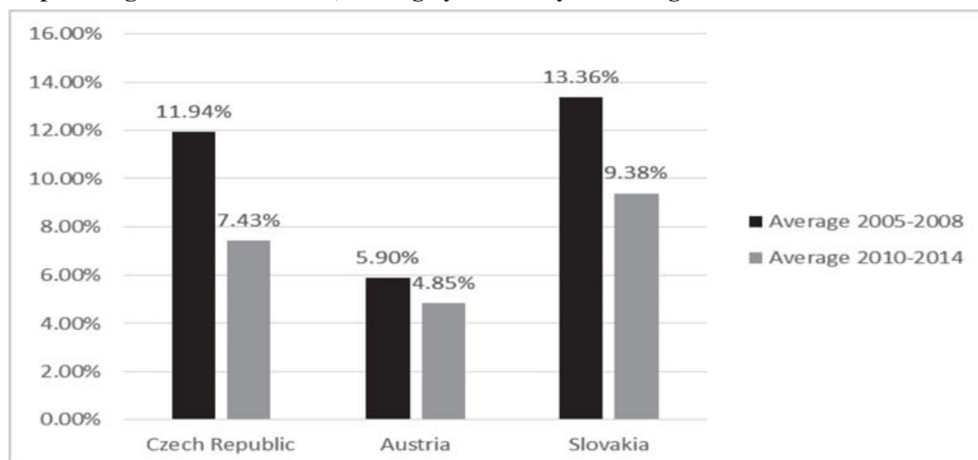




Source: own graph based on the data from Eurostat [6].

Figure 7

Export of goods and services, average year over year change in %



Source: own graph and calculations based on the data from Eurostat [6].

Another effect of the recession of 2009 was that it derailed the growing openness of all three compared economies. In that year the measure of openness (expressed as the sum of total import and export divided by the GDP) of the Czech economy dropped to 130.24% from 138.34% in 2008. This means a decline by 5.85%. The amount of this drop was more significant in the Slovak Republic and Austria. The level of their economy's openness decreased from 2008 to 2009 by 10.18% in Austria and almost 13% in Slovakia. In 2015 the level of compared economy's openness reached 179.95% in the Czech Republic, 193.93% in Slovakia and 105.81% in Austria [6]. Since the Czech Republic and Slovakia are very open economies, the current slower growth of exports stemming from the slow economic growth in the EU hurts the GDP growth in both countries as well. For example, the value added created in Slovakia's territory is 40% of the value of its exports. With total exports amounting to 95% of Slovak's GDP, it means that real contribution of exports to GDP creation is 38%. This means that a 1% rise in the demand for Slovakia's exports would cause 0.38% increase in the GDP growth [3].

Figure 8

Openness of the economies

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Czech Republic	112.69%	122.28%	129.18%	136.99%	138.34%	130.24%	146.25%	154.99%	161.89%	162.83%	174.55%	179.95%
Austria	90.74%	94.16%	97.20%	99.94%	100.01%	89.93%	99.54%	102.71%	103.35%	103.47%	104.90%	105.81%
Slovakia	139.07%	149.17%	166.61%	168.34%	164.57%	143.21%	157.04%	169.27%	176.78%	184.23%	189.76%	193.93%

Source: own table and calculations based on the data from Eurostat [6].

3 Inflation

Figure 8 shows the development of inflation in the Czech Republic, Slovakia and Austria. As we can see, the eruption of crisis has significantly slowed down the growth of prices (average inflation rates have halved for the Czech Republic and the Slovak Republic in the post crisis period). The inflation started accelerating in 2011 and 2012, but then in 2013 it slowed down again and in the next two years the Slovak Republic even experienced deflation. The Czech Republic managed to diminish the deflationary pressure thanks to the depreciation of the Czech Crown (11/2013). Austria and Slovakia along with other countries of the Eurozone had to face this pressure especially because of falling prices of raw materials, fuel and energy at the international markets.

Figure 9

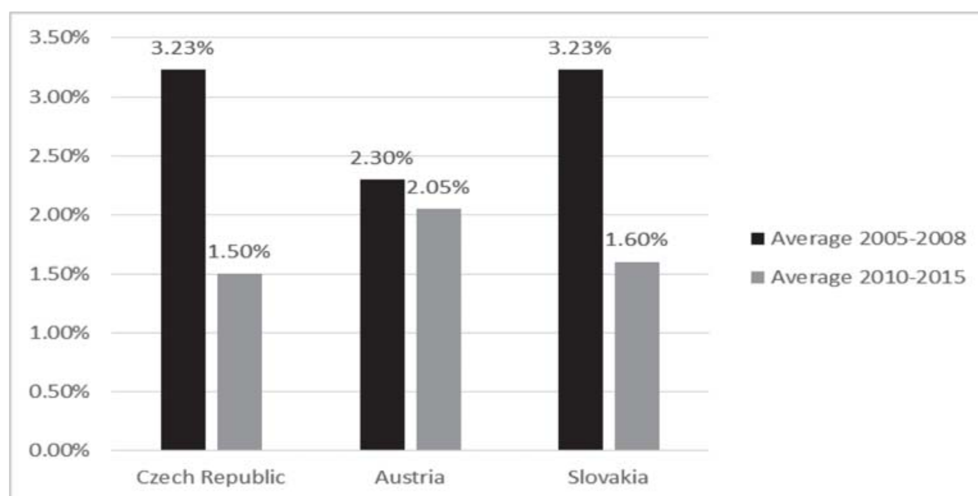
Inflation (HICP – Harmonized Indices of Consumer Prices), annual rate of change (%)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic	1.60%	2.10%	2.90%	6.30%	0.60%	1.20%	2.20%	3.50%	1.40%	0.40%	0.30%
Austria	2.10%	1.70%	2.20%	3.20%	0.40%	1.70%	3.60%	2.60%	2.10%	1.50%	0.80%
Slovakia	2.80%	4.30%	1.90%	3.90%	0.90%	0.70%	4.10%	3.70%	1.50%	-0.10%	-0.30%

Source: own table based on the data from Eurostat [9].

Figure 10

Inflation, average rate of change (%)



Source: own graph and calculations based on the data from Eurostat [9].

It can be said that the deflationary pressure is being exerted from the demand side in compared economies, which is the worse case scenario. There are more factors pointing to that. For example, the industrial production was growing only very slowly in 2014 in Slovakia [11]. Next sign is the negative output gap, as one can see in Figure 9 below. And finally, as it was already said above, the consumption of households keeps stagnating and the earnings keep growing only very slowly, so it can be safely said, that the deflationary pressure is coming from the demand side.

Figure 11

Output gap[6] of the total economy

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Czech Republic	2.550%	0.049%	3.420%	5.633%	5.410%	-1.321%	-0.575%	0.079%	-1.922%	-3.683%	-3.278%	-0.900%
Austria	-0.176%	0.182%	1.877%	3.486%	2.815%	-2.366%	-1.964%	-0.373%	-0.943%	-1.869%	-2.526%	-2.788%
Slovakia	-5.835%	-3.987%	-0.281%	5.668%	7.065%	-2.150%	-0.156%	-0.594%	-1.955%	-3.016%	-2.907%	-1.924%

Source: own table based on the data from OECD [12].

Deflation would not be beneficial for these countries et this time of economic stress. It may seem that deflation could help consumers, but there are more pros to deflation than cons. Firstly, it discourages investments because investors know that their investment is bound to lose its value. Secondly, consumers are reluctant to borrow money from banks because they know that they would be paying back more in the future in real terms [2]. Finally, the research shows that deflation is damaging for stock markets because it causes the stock's value to fall [5].

4 Unemployment

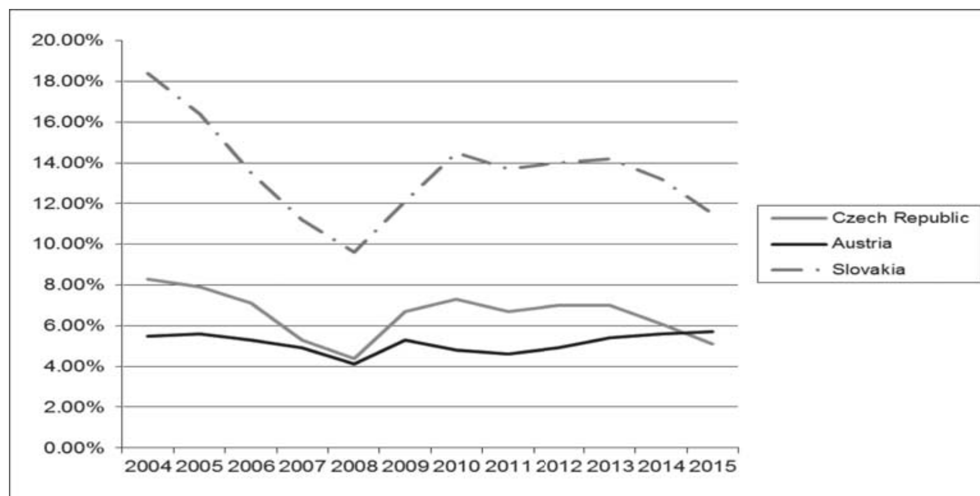
It can be rightly assumed that with the arrival of the crisis, the unemployment rate in countries grew in comparison with both pre-crisis years 2007 and 2008. This increase was quite significant in Slovakia. The country has experienced a poor development of the labour market in the last few years. In the pre-crisis period, the unemployment rate was falling until it reached 9.6% in 2008. Then in 2009, it jumped to 12.1% and reached its peak in 2010 when its level was 14.5%. In the years that followed, it either decreased or grew and in 2015 it was 11.5%. In the Czech Republic, the unemployment rate grew from 4.4% in 2008 to 6.7% in 2009, and it kept growing during the years that followed until it reached 7% in 2012 and 2013. In Austria, the strongest raise of

[6] Deviations of actual GDP from potential GDP as % of potential GDP.

unemployment by about 29% occurred in 2009. The average unemployment rate in Austria between 2009 and 2015 accounted to 5.2%.

Figure 12

Unemployment rate



Source: own graph based on the data from Eurostat [10].

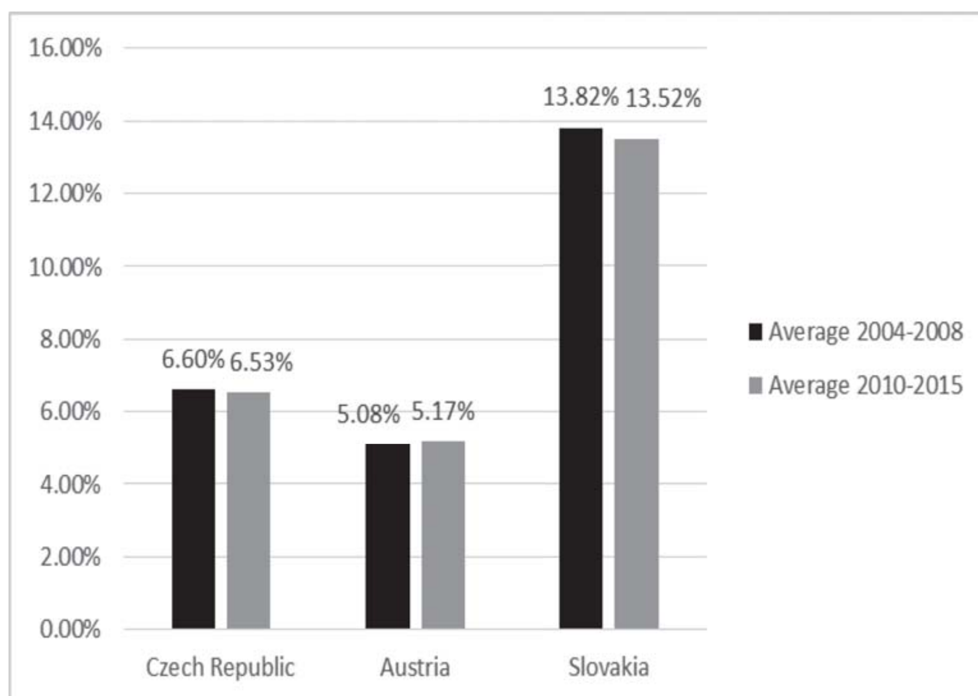
If we have a closer look at the development of the labour market in the Czech Republic, we will find out that in the period of 2005–2008 both structural and cyclical unemployment was decreasing. On the other hand, Slovakia saw decrease predominantly in its cyclical unemployment during that period. The cyclical unemployment in Slovakia started to grow again in the years 2009 and 2010, and then the structural unemployment started slowly growing again between 2010 and 2013. The Czech Republic experienced mostly a growth of the cyclical unemployment between 2009 and 2010 as well but it saw a slight increase in its structural unemployment as well. The cyclical unemployment slightly improved in 2011 but it started worsening again till 2013. Austria fared best among the three compared countries, but even Austria experienced an increase in the structural unemployment between the years 2005–2013 [4]. The situation at the labour market in the Czech Republic is still much better than in Slovakia. The high unemployment rate in Slovakia represents a burden for the state in the form of unemployment benefits and it also means drop in the tax revenue.

If we observe the development of unemployment in the long term, we will see, that the impact of crisis disrupted the declining trend of unemployment

rate, but since the level of unemployment was declining from relatively high numbers (especially in Slovakia), the average rate in years between 2009 and 2015 differs very slightly from the pre-crisis level.

Figure 13

Comparison of average unemployment rates



Source: own graph and calculations based on the data from Eurostat [10].

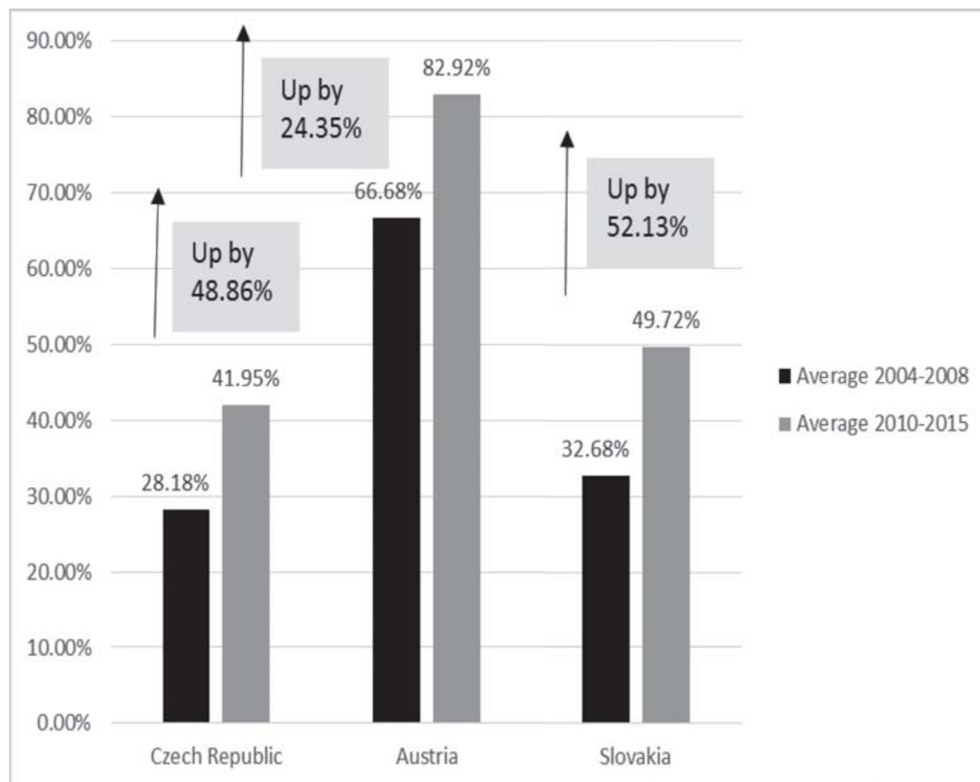
5 Indebtedness

The last parameter that is going to be analyzed in this paper is the indebtedness of governments of the countries compared. Figure 13 shows that the value of the debt to GDP ratio kept decreasing in the case of Slovakia whereas it kept stagnating around 28% in the Czech Republic. Slovakia reached that value of the debt to GDP ratio in 2008. After 2009, the debt level has visibly increased in both countries. While this increase was not as dramatic as in some other countries of the Euro zone, it was still very significant. In Austria, for instance, the increase in the debt to GDP ratio was very sharp in 2009. This parameter rose in 2009 by 11.2%. It can be said that the crisis had a substantial impact on the debt to GDP ratio in all compared

countries. Figure 12 illustrates the fundamental rise of examined parameter after 2008.

Figure 14

Average debt to GDP rates



Source: own graph based on the data from Eurostat [7].

Another visible change has occurred in the ratio between the total amounts of accumulated debt to the yearly incomes of government. (See chart on the following page). As one can see, before the crisis, the total amount of accumulated debt was lower than a yearly income of the government in Slovakia and the Czech Republic, but it has changed since 2010 in Slovakia and since 2012 in the Czech Republic. In Austria (with the highest indebtedness between the three compared countries), the total amount of accumulated debt exceeds significantly the yearly government's revenue since 2004 at least. Moreover, this parameter experienced a substantial rise in after-crisis years: the average between 2004 and 2008 was 138.4% while the average level 2010-2015 rose to 167.97%.

Figure 15

Development of indebtedness

Government consolidated debt as % of GDP

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic	28.5	28	27.9	27.8	28.7	34.1	38.2	39.9	44.7	45.1	42.7
Austria	64.8	68.3	67	64.8	68.5	79.7	82.4	82.2	81.6	80.8	84.3
Slovakia	40.6	33.9	30.8	29.9	28.2	36	40.08	43.3	52.4	55	53.9

Year over year change to GDP ratio in %

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic		-0.50%	-0.10%	-0.10%	0.90%	5.40%	4.10%	1.70%	4.80%	0.40%	-2.40%
Austria		3.50%	-1.30%	-2.20%	3.70%	11.20%	2.70%	-0.20%	-0.60%	-0.80%	3.50%
Slovakia		-6.70%	-3.10%	-0.90%	-1.70%	7.80%	4.08%	3.22%	9.10%	2.60%	-1.10%

General government expenditure to revenue ratio in %

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic	106.87%	108.04%	105.86%	101.77%	105.54%	114.47%	111.45%	106.81%	109.78%	102.83%	103.65%
Austria	109.82%	105.18%	105.24%	102.75%	103.00%	110.90%	109.21%	105.30%	104.43%	102.65%	105.42%
Slovakia	106.55%	107.85%	110.22%	105.63%	106.87%	122.07%	121.70%	111.29%	111.69%	106.72%	107.37%

Total amount of accumulated debt to yearly income of Governemnt

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic	72.16%	72.38%	72.42%	70.83%	75.31%	89.38%	98.97%	103.10%	114.13%	112.22%	106.25%
Austria	133.18%	140.95%	140.49%	135.56%	141.72%	163.37%	170.58%	170.32%	166.75%	163.23%	168.95%
Slovakia	115.19%	92.85%	87.96%	87.40%	82.21%	100.20%	119.14%	119.22%	144.79%	142.02%	137.75%

Government consolidated gross debt - million units of national currency expressed in constant prices (2005)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Czech Republic	870,034.00	898,154.86	942,980.71	995,649.88	1,007,537.96	1 162 45.88	1,297,128.32	1,387,095.80	1,496,226.75	1,497,191.87	1,448,852.96
Austria	156,600.60	172,841.70	178,658.20	182,893.80	200,024.10	228,165.80	242,743.10	253,673	258,795.50	260,882	277,443.70
Slovakia	18,726.40	16,559.96	16,030.21	17,117.51	16,857.01	19,951.45	23,836.92	25,228.49	29,980.17	31,540.40	31,665.06

Source: own table based on the data from Eurostat [7,8].

These sharp increases in debt and drops of GDP growth have caused concerns about the capability of governments to pay their debts. This fear has been mostly heightened by the fact that several EU countries had to be bailed out and government bonds of some countries could no longer be considered as the risk free assets [1].

Further, it should be noted that the decreasing amount of debt to GDP ratio (in Slovakia 2004–2008) could lead to an illusion that the value of accumulated debt kept decreasing as well. A closer look at the data in Figure 13 shows that it is not true. If we examine the ratio between government expenses and its income, we can see that the expenses exceed the income every year, and it is visible that the total amount of accumulated debt kept growing and 2014 is the only exception so far. That means that the decrease in the debt to GDP ratio was caused only by the growth in GDP and not by any saving measures for decreasing the amount of debt.

There is one more significant change that the crisis has caused in the debt statistics. However, this change concerns only the Czech Republic and Slovakia.

Before the crisis, the debt to GDP ratio was on the decreasing trajectory. After the crisis started, this ratio increased sharply and kept rising until 2014, when a subtle decrease appeared again. Austria has not experienced such dramatic change but newer the less, its debt to GDP ratio has increased substantially. However, there is one positive and that is that even despite this sharp increase in debt, the levels of Slovakia's and the Czech Republic's indebtedness remain to be within sustainable levels. According to the calculations based on the level of domestic savings and the interest rates on the domestic and foreign debt, the Czech Republic reached only 43% of its' limitation for sustainable debt and the Slovak Republic reached 54.7% in 2014 [14].

7 Conclusion

The crisis shook the economies of all the three countries that were compared in this paper when it caused the recession in 2009. Its consequences are still tangible. The GDP growth is still slower than it was before the arrival of the crisis. The current pace of growth in the Czech Republic is only about one-ninth of what it used to be before 2009. Slovakia is doing a bit better with approximately quarter of the pre-recession rate of the GDP growth, and Austria's GDP growth pace fell about six times after 2009. Various elements of GDP were affected in examined countries in similar ways. The consumption of households started stagnating, and it grew very slightly in 2014 but only in Slovakia and the Czech Republic. In Austria, the stagnation of household consumption ended even in a small absolute decline in 2013 and 2014. All countries experienced a fall in the share of gross capital formation on GDP. Before the crisis, the gross capital formation represented approximately 30% of the GDP in the Czech Republic, 28.7% in Slovakia and about 24% in Austria. This share decreased after the crisis to 26%, 22% and 23%, respectively. As one can see, Slovakia and the Czech Republic experienced a far sharper drop of this share in comparison to Austria. Today the share of gross capital formation on the GDP is the same as it used to be in the beginning of the era of independent existence of the Czech Republic and Slovakia. Another segment of GDP that was affected is the export, but it has recovered very quickly at the latest in 2011, when countries exceeded the numbers of 2008. However, it must be said that the growth of exports slowed down visibly, which is a logical outcome of the slowdown of the economic growth in countries with which the Slovak Republic, the Czech Republic and Austria do business. Further, the price growth started to stagnate after 2009 in the economies that

are compared here and Slovakia even experienced deflation in 2014 and 2015. Concerning the indebtedness, one can say that governments had to increase the expenses in the years after the crisis to alleviate its negative effects, and they suffered fall in the tax revenue at the same time. These two factors led to a considerable increase in debt. Another interesting observation is that, even the debt to GDP ratio in Slovakia kept decreasing before the crisis, the total amount of debt kept piling up, which means that the decrease of debt/GDP ratio was stemming from the rise of GDP and not from the savings made by the government. Finally, labour markets in the Czech Republic and Austria did not experience such rise in the unemployment rate as Slovakia's markets did, and 2015 the Czech Republic achieved even lower unemployment rate than Austria did. The high unemployment rate is causing troubles to the Slovak Republic in the following two forms: high expenses on the aid for the unemployed and the drop in revenue from the income tax. To sum up, one can see that the crisis has hit all compared countries in a similar fashion and the economies still feel its effects.

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