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Reviews

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THE EUROPEAN UNION AS AN ACTOR OF GLOBALISED WORLD ECONOMY

Abstract
The European Union is an interesting, and comprehensive model of regional economic integration which, by its importance and impact, transcends the geographical space of its location and is gradually becoming one of the key players in the world economy. The processes of development and further formation of the world economy are currently strongly influenced mainly by the accelerating process of globalization, which generates several changes and specific development tendencies, which influence to the individual geoeconomic units is different. The paper will concentrate on describing and analyzing selected factors determining the dynamics of economic growth and development of the European Union in its internal and external economic space.

Key words: the EU, world economy, economic development, economic growth, tendencies of economic growth.

1 INTRODUCTION

The current development of the world economy is strongly determined by the accelerating process of globalization, which brings and generates a number of changes and specific development tendencies, both in economic, economic, social, political, social and cultural fields. The impact of these changes is manifested throughout the development of world economy and has influence on many regions, and at the same time affecting all hierarchical levels at the global level, on the one hand to the regional and local levels on the on the other hand. The extensive and complex interconnected space of the

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globalized world economy represents a complex global space, consisting of a whole spectrum of specific national and transnational economic complexes located and forming in the specific conditions of the individual macro-regional units on the political map of the world. These economic complexes are characterized by specific developmental features and tendencies which, on the one hand, are conditioned by the specific characteristics of the given spatial entity in which they are formed and developed (geographical location, specifics of cultural-historical development, specifics related to processes of political system formation). Formation of their national economies, specific determining processes of development of international economic cooperation as well as international economic integration, specific demographic characteristics, global geopolitical and geo-economics development of these units and many others), as well as specific development features and tendencies of their external macro-regional environment features and tendencies of the global geo-economics space as a whole. Based on the above mentioned assumptions, it can be pointed out that the European Union is one of the remarkable and specific examples of the most comprehensive and elaborate model of regional economic integration, built on complex linkages of diversified national economic complexes. The European Union is a specific transnational economic complex, which in regional terms is one of the key economic actors in the european economic area and at the same time one of the key economic players in the world economy. Achieving this status, both in the regional economic area and globally, is a result of the relatively long-term efforts of the European Union as a whole and its individual national states to progress effectively in the process of economic integration so that this process brings positive effects for individual national economic complexes of european integration and in the process of mutual synergies towards the creation of a broad and highly economic transnational economic complex. This motive is one of the European Union‘s important strategic goals.

2 TRENDS IN THE DYNAMICS OF ECONOMIC DEVELOPMENT OF THE EUROPEAN UNION

Based on the analysis and comparison of the selected trends of economic development at the global level, as well as economic and economic development at the regional level, with a specific focus on the european economic area, we can point out that the European Union is progressing towards the individual integration priorities particularly focused on building the single, internal market and economic and monetary union, it has become one of the largest economic areas at both regional and global level. Processes towards the completion of the single market of 28 Member States have led

the European Union to establish itself as one of largest economic areas in the world economy.

As has been emphasized above, one of the key objectives, which in the long term has been prioritized in a number of key strategy papers, is the objective that is generally aimed at maintaining the European Union‘s position in the world economy through efficient and effective the implementation of strategies, objectives, measures and instruments, which will lead to the support of the dynamics of economic growth and development both at the level of national states and at the level of the European Union as a whole. The strategic objectives are elaborated in a number of official documents and consist of a whole range of specific, partial objectives aimed at strengthening and dynamising the economic performance of the European integration area inwards, within its internal economic and economic space as well as externally in relations with external partners at regional and global level. Within its internal economic space, built on the basis of mutual synergy, internal cohesion and, in particular, the gradual achievement of convergence of national economic complexes, the European Union seeks to create a broad, dynamically developing, open economic space characterized by appropriate levels and dynamics of economic growth. on solid foundations respecting traditions and the necessary dynamics of development in individual economic sectors, economic space characterized by generating adequate number of new jobs, space characterized by efficient functioning labor market with average absorption capacity, space characterized by high level, quality and functionality of education system, space characterized by high standards in the field of setting the conditions of the labor market, space effectively you exploiting their potential not only of human but also of natural resources in order to ensure a high level of protection and preservation of the quality of the environment, space creating appropriate system prerequisites to support and increase innovation activity and efficient use of sources of innovation potential the level of gender equality, as well as the space also concentrated on social security in the context of reducing the proportion of the population at risk of poverty and social exclusion.

The above-mentioned calculation of the main objectives that the European Union seeks to achieve in the context of current economic and social practice finds its expression in the three main priorities contained in the European Union strategy – Europe 2020, which for the next decade to 2020 smart growth, inclusive growth and sustainable growth.

2.1 Selected development trends and specific economic development of the european integration area

As already indicated above, the European integration space is an internally differentiated space characterized by specific features and trends in terms of economic development and basic economic characteristics. This part of the paper will focus on defining and describing selected trends of this specific and high degree of internal complexity and interdependence of national economic complexes characterized by the economic space of the world economy. The monitoring of trends in the area of economic performance dynamics and economic development was carried out on the basis of monitoring and comparison of selected indicators in the time period of 2017 and 2018. On this basis, the prediction of future development of the observed multinational economic complex was subsequently realized. In the area of the transnational economic complex - EU 28, growth of 2.4% was recorded in 2017. In this period, the euro area was characterized by an upward trend towards gradual reduction in disparities and differentiation in the dynamics of economic growth achieved by its individual Member States. Following the development of this indicator, it can be stated that in this period the most significant decrease in the given area has been recorded since the creation of Economic and Monetary Union within the european integration area. The beginning of 2018, in economic terms and in terms of trends in the economic performance dynamics of the European integration area, was marked by a slowdown and a decline in economic performance, reaching 0.4% in this period (from the original level of 0.7%). (Obadi, 2018) The gradual slowdown in economic growth was determined by several factors within the european integration area during this period. Among the most important, which are characterized by time, longer-term impact and influence on the overall dynamics of economic growth and thus also economic activities within the european integration area, we can mention, for example, factors related to the impacts of previous period characterized by appreciation of the euro. with a long-term trend in the European labor market as regards the low level of competitiveness of selected groups of the labor force on the labor market, mainly because of their low qualifications, low levels of work skills and competences of work force. (Obadi, 2018) These factors are directly linked to groups of other factors affecting economic performance and the overall dynamics of economic growth within the european integration area, such as low labor productivity rate, unemployment growth, higher social dependency rate of selected population groups with a strong link to public budgets. In addition to these factors and determinants affecting the overall dynamics of economic growth and economic performance, the European integration

space in this area is also confronted with other specific aspects of its internal economic and political development. This group of factors can include, for example, a significant degree of uncertainty, concern and unpredictability for future developments in the context of an increasingly complicated of the UK's withdrawal from the European Union. These process will have a range of economic implications, both for the European Union itself and for the United Kingdom. Other specific factors that influence the dynamics of economic performance and thus the economic growth of the european integration area can include to factors coming from its external environment. In this case, we can mention in particular the trends in the world economy, characterized by stronger global protectionism. As one of the key actors in the global economy, the European Union seeks, within the external dimension of its economic relations, to increase the level of cooperation and strengthen the liberalization of relations between world economic actors. (Obadi, 2018)

In view of the predicted outlook for future developments in the dynamics of economic performance and economic growth in the european integration area as a whole, it can be pointed out that the forecast indicates a gradual fading of positive impacts, while accentuating the slowdown in economic performance and economic growth key macroeconomic indicators. The forecast for the future development of the European integration area suggests that economic performance will reach 1.9% between 2018 and 2020 and will decline over the next period, reaching 1.7% in 2020. (Obadi, 2018)

The above-mentioned developmental trends accentuating the economic slowdown at the global level and at the level of its individual national and transnational economic complexes are also confirmed by the OECD's ongoing economic outlook in autumn 2019. Based on estimates of global economic growth, global economic activity. The slowdown in growth will be felt in almost all key global geoeconomic actors. The gradual slowdown in global economic growth will progress from 3.6% in 2018 to 2.9% in 2019 and reach 3.0% in 2020. The predicted prediction of the gradual slowdown in economic growth and overall global economic activity also points to selected, specific determinants significantly affecting the indicated trends. These are mainly associated with rising global trade tensions, political uncertainty, increasing geopolitical tensions, slowing economic growth in China, as well as oil price developments. As a result of these factors, not only growth slowdown can be expected, but also a possible prediction of weak global economic growth, which will persist for a longer period of time. (OECD, 2019)

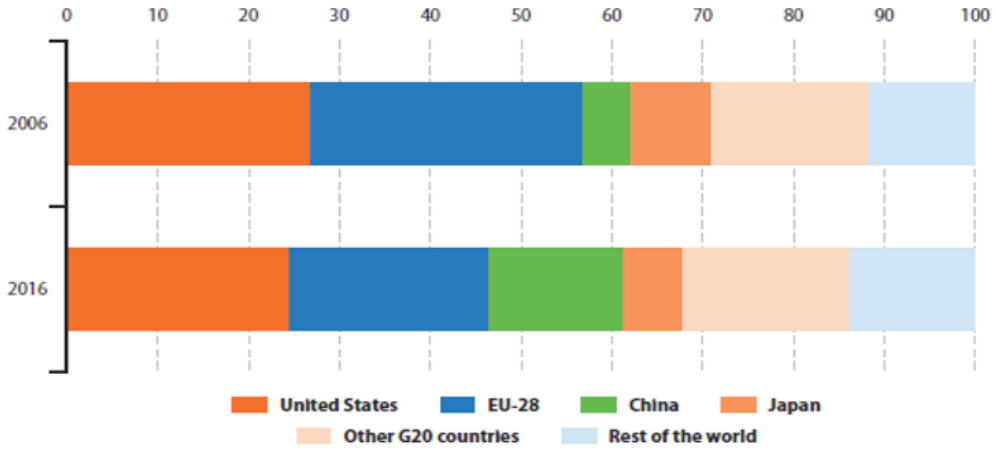
In the context of the perception of the European Union as a major global geoeconomic actor, it can be pointed out that the prediction of future dynamics of global economic development and economic activity conducted at OECD indicates that both the European integration area and the euro area

will see a slowing tendency economic growth. The OECD forecast suggests that economic growth will slow significantly in the euro area over the next period. The economic growth recorded in the euro area in 2018 at 1.9% will decrease over the next two years, with an estimated 1.1% in 2019 and 1.0% in 2020. The slowdown in economic growth in the European integration area was also significantly affected by the decline in global sophisticated production. This trend had a negative impact on the economies of Germany and Italy in particular. (OECD, 2019)

Development of HPD at global level and within the European Union

GDP is one of the basic macroeconomic indicators based on the level of performance of economies of both national economic complexes and economic complexes formed and developing at the transnational level. Globally, we can point out that in the period under review in 2006, the European Union accounted for the second largest share after the US in terms of G20 Member States. However, it is clear from the graphical representation that, compared to the reference year 2006, the EU share of total global GDP is gradually decreasing in terms of G20 Member States.

Figure 1 GDP at global level in 2006 and 2016



Source: The EU in the world, 2018

Monitoring the development of GDP within the European integration area also brings interesting findings. In terms of assessing the dynamics of economic performance and the rate of economic growth within the European integration space, we can point out that the global economic and financial

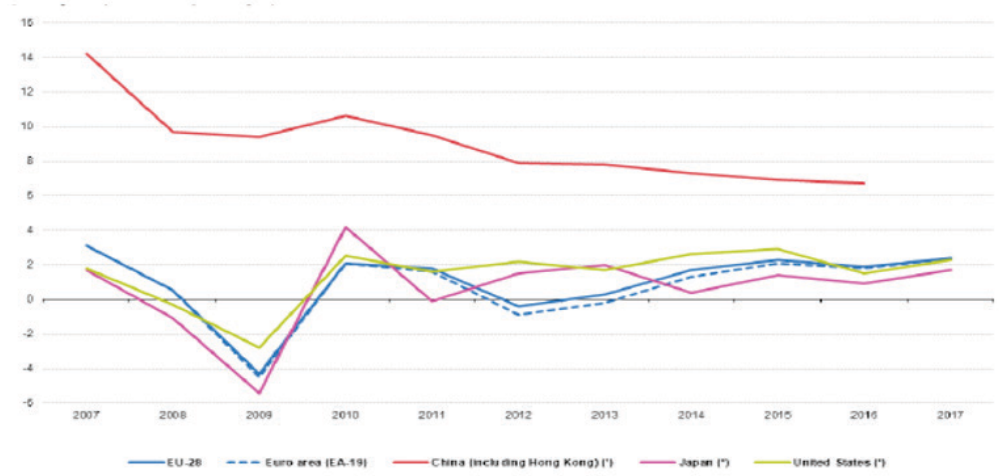
crisis has also affected this economic integration space, which has been reflected in a range of macroeconomic indicators. The negative impacts of the global economic and financial crisis, which, although differentiated, affected almost the entire area of the globalized world economy, were also reflected in the European integration area, with their negative impact already in 2008, when the GDP growth rate is decreasing. In 2009, real GDP fell by 4.3% within the European integration area. We see a gradual recovery in economic activity within the European integration area in 2010, when the volume index of GDP increased by 2.1%, and in 2011 we see a growth in the volume index of GDP by 1.8%. In the following period, in 2012 the GDP decreased by 0.4%. In the area of GDP development, we have seen changes since 2013 indicating gradual growth and increasing dynamics of economic performance of the European integration area. In 2013, GDP increased by 0.3%, in 2014 by 1.7% and in 2015, GDP growth within the European integration area was 2.3%. In 2016, GDP also grew within the European Integration Area, but at a somewhat slower pace, while in 2017 the original dynamics of GDP growth were achieved, with an increase of 2.4% this year. (The EU in the world, 2018)

As mentioned above, the european integration area is characterized by a significant degree of differentiation of its internal economic space, which is reflected in the whole range of macroeconomic indicators monitored. In this context, it can be pointed out that even in the case of monitoring the rate of attained dynamics of economic performance and economic growth monitored on the basis of GDP, there are certain specific trends in this area. As indicated in 2009, it was characterized by a decline in GDP both at the level of the European Union as a whole and at the level of its individual nation states. During this period, a decline in GDP was recorded in almost all Member States of the european integration area except Poland. In the following year, 2010 was a period of signs of a gradual recovery in economic performance and economic growth, with up to 23 Member States declaring gradual economic growth during this period. A certain exception in this period was Spain, where GDP growth unchanged from the previous year. In 2011, up to 24 Member States declared GDP growth within the European integration area. However, in the following year 2012, this positive trend has changed, with only 14 Member States already experiencing positive changes in the dynamics of economic performance and economic growth. The other Member States, with the exception of Bulgaria, which was going through a period of stagnation at that time, showed a decline in the dynamics of economic performance and thus of economic growth. In 2013, 2014, 2015 and 2016, most Member States achieved positive GDP growth, with 17 Member States in 2013, 25 in 2014, and 2015 and 2016 respectively. A positive change in GDP growth was seen

in the 27 Member States. Between 2015 and 2016, only Greece experienced a decline in economic performance of 0.3% (2015) and 0.2% (2016). (National accounts and GDP, 2018b)

Based on the assessment of the level of economic performance and economic growth measured on the basis of GDP in the monitored period 2007 - 2017, we can show that the impacts of the global financial and economic crisis within the European integration area were reflected mainly in the decrease of economic growth performance of individual Member States. In the reference period 2007-2017, the EU 28 achieved an average annual growth rate of 0.8%, while the euro area achieved an average annual growth rate of 0.6%. Between 2007 and 2017, the highest growth rates in the European integration area were Malta (average annual growth of 4.2%), Ireland (average annual growth of 4.1%) and Poland (average annual growth of 3.3%). (National accounts and GDP, 2018b) The development of the dynamics of economic growth monitored on the basis of the achieved real GDP rate in the years 2007 - 2017 is shown graphically in figure No. 2.

Figure 2 GDP of the European Union and selected actors of the global economy in the years 2007 – 2017



Source: Eurostat, National accounts and GDP (2018)

Standard of living of the population of the European integration area

In the year 2017, the average value of GDP per capita at current prices in the EU-28 reached 29,900 EUR. In this context, we can thus point out that the highest value of the monitored indicator in 2017 was in Luxembourg. Where the GDP per capita conversion reached 2.5 times the EU-wide average 28. At the lowest ranks of the imaginary ranking of individual Member States

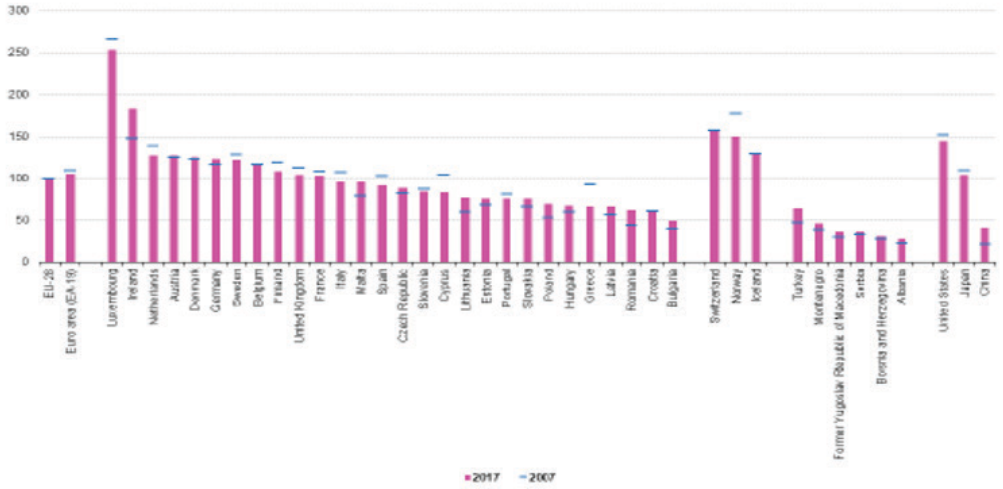
was Bulgaria, which in 2017 reached the value of the monitored indicator at a level below half the EU average. The development of the monitored indicator within the European integration area for the period 2007 - 2017 is changing to some extent depending on the whole range of internal and external factors determining the level of economic performance and the possibility of effective utilization of economic potential towards support of growth trends. (The EU in the world, 2018a)

The change in the situation in the monitored area aimed at assessing the level of living standards achieved within the European integration area was conditioned by several factors during the period under review. One of the most important ones is the global financial and economic crisis.

Between 2007 and 2017, we can observe these trends in the European integration area within the monitored indicator. The fact that a large proportion of the Member States that belong to the group of new Member States, those which joined the EU in 2004, 2007 and 2013, recorded a growth in the monitored indicator, which gradually approaches the EU average, is positive. For this group of Member States, only Slovenia and Cyprus achieved a lower endpoint compared to the EU average 28. (Eurostat, 2018a)

Within the second group, the original Member States Greece and Portugal reported lower values compared to the EU-15 average, and Italy and Spain showed a decline in the level of the indicator from above the EU-28 average to a border at the average level reported within EU 28. Over the reference period 2007-2017, Ireland, Germany, Austria and Denmark recorded stronger growth in the indicator and exceeded the EU-28 average, with Luxembourg, Finland, the Netherlands, the United Kingdom, Sweden and France compared to 2007, In the period under review, the 2017 indicator showed a decline in its level, from values above the EU average to values close to the EU 28 average in 2017. However, despite this trend, these Member States still maintain their position on average. EU 28. (Eurostat, 2018a) Figure No. 3 shows graphically the development of the comparison indicator in 2007 and 2017.

Figure 3 GDP per capita in current prices (in 2007 - 2017)



Source: Eurostat, National accounts and GDP (2018)

Gross EU added value by economic activity

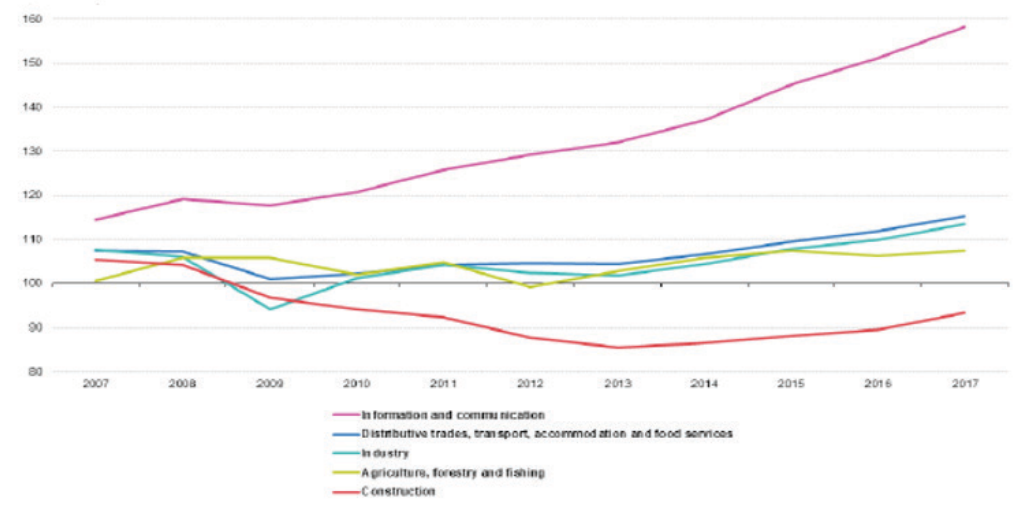
Based on the monitoring and comparison of individual time periods in terms of the development of the share of individual economic activities in the creation of gross value added within the EU, it can point out these developmental trends within the European integration area in terms of the period 2007 – 2017. Within the european integration area (EU 28), the share of industry in total value creation has been gradually decreasing over the period under review, which represents a decrease of 0.5 percentage points. Industrial activity accounts for 19.6% of gross value added in the EU and, despite a decline, this area of economic activity remains the EU leader in value added. For this group of activities according to the achieved share we can include activities related to trade, transport, accommodation and catering services. This group of economic activities is characterized by maintaining the stable value of its share in the creation of the value added since 2007 at 19%. Another group of economic activities with a significant share in the creation of EU added value is public administration, education and health, which accounted for 18.6% of total EU added value in the year. This group of economic activities recorded the second highest growth of its share in the value added at the level of 0.8 percentage points in the monitored period of 2007 - 2017. (National accounts and GDP, 2018c)

The group of other economic activities, which recorded a significant share in the creation of gross value added in the period under review, included the following activities: real estate activities (11.3% share), professional,

scientific and technical testing and analysis and administrative and support services (share of 11.2%, in 2017 these economic activities recorded an increase in their share in the creation of an increase in the value of 1.0 percentage point, construction (share of 5.4%, on the contrary, this economic activity its share in value added creation (by 1.0 percentage points). The group of economic activities with a share in value added of 5% and lower was represented by information and communication services and financial and insurance activities (share of 4.9%) The lowest share of EU value added in the reporting period was the following activities: arts, entertainment and other services (share of 3.5%) and agriculture, forestry and fisheries (share of 1.6%). (National accounts and GDP, 2018c)

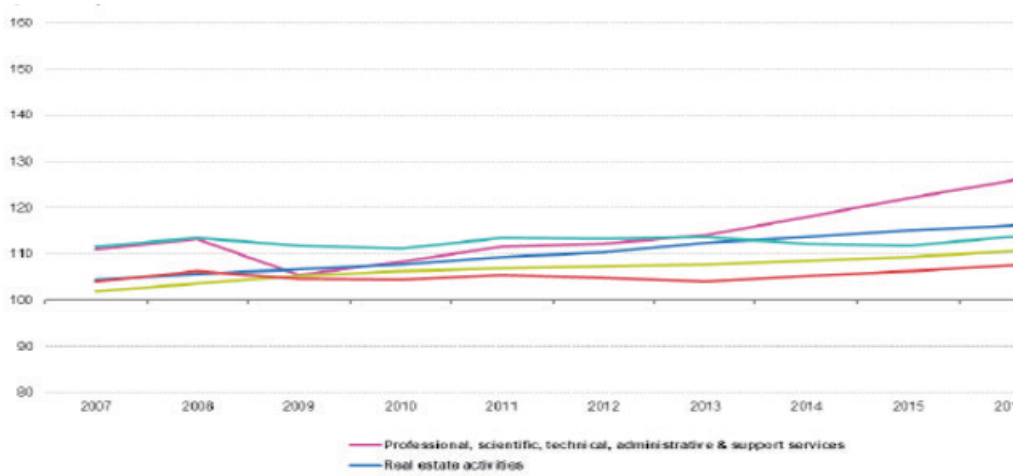
Compared to 2016, in 2017 there was an increase in the share of gross value added in the EU in almost all of the above economic activities except agriculture, forestry and fisheries, where we see tendencies indicating a slight decline and stagnation. Information and communication activities show the most significant growth. The above mentioned trends show graphically figures No. 4 and No.5.

Figure 4 Real added value of the EU 28 in 2007 - 2017



Source: Eurostat, National accounts and GDP (2018)

Figure 5 Real added value of the EU 28 in 2007 – 2017



Source: Eurostat, National accounts and GDP (2018)

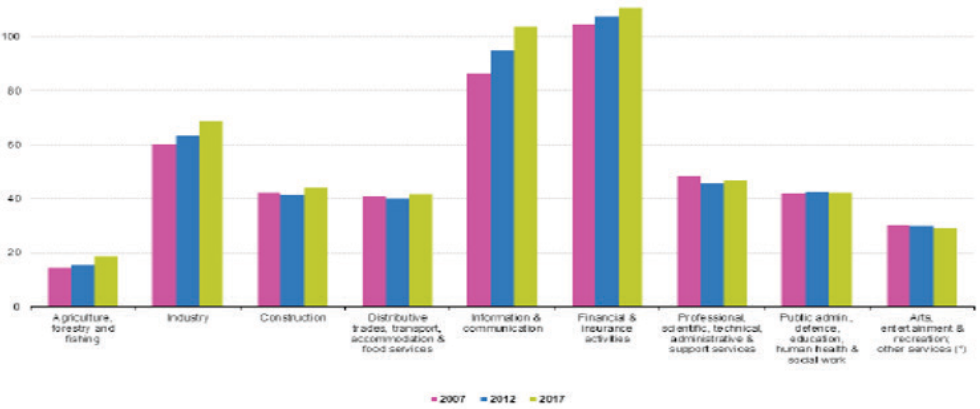
Workforce productivity

One of the relatively problem areas identified in the long term that affect their overall economic performance and economic activity in the EU area is the area of labor productivity. In several types of strategy papers aimed at defining the basic objectives and areas to be addressed in the context of efforts to achieve continued economic growth but also effective economic development and increasing competitiveness in regional and global markets, the area of labor productivity is considered one of the key areas. (Kazanský, Andrassy, 2019)

In terms of monitoring and comparing the labor productivity indicator, the evaluation and comparison of this indicator is based on the conversion of labor productivity per employed person. The analysis of data and data on labor productivity developments over the period under review, covering the period 2007-2017, shows that the rate of real labor productivity measured in the EU area has seen an upward trend. Between 2007 and 2017, labor productivity increased in the vast majority of economic activities. The highest rate of labor productivity growth in the period under review was recorded in agriculture, forestry and fishing (up 28.9%), the second highest rate of labor productivity growth was recorded in information and communication services (up 20.0%), while the third economic activity with a higher rate of labor productivity growth, industry represented an increase (of 13.7%), which is shown in Chart 5. From the point of view of monitoring the development of labor productivity rates within the EU geographical area, we can point out that labor productivity in Bulgaria, Latvia, Lithuania, Slovakia, Spain and the

Czech Republic increased most significantly. (Eurostat, 2018f)

Figure 6 Labor productivity in the EU in 2007, 2012, 2017



Source: Eurostat, National accounts and GDP (2018)

Employment rate

Within the european integration area, the indicator is one of the following macroeconomic indicators and a basic social indicator, which is used mainly in the analysis of labor market developments. At the same time, this indicator shows the dynamics of economic growth and the economic potential of the national economic complexes and the transnational economic complex of the European Union as a whole in the context of monitoring the economy‘s ability and efficiency to generate new jobs. Within the European integration area, the monitoring of the employment rate of the population aged 20 – 64 is one of the important indicators, while the objective of achieving a progressive increase in the employment rate of the population of the European Union in this age category at national and transnational level is at the same time Europe 2020 implemented between 2010 – 2020.

In terms of the development of the employment rate of the population of the European Union aged 20-64 years, we can point out that in 2017 and 2018 there was a trend within the European integration area pointing to a gradual increase in the employment rate within the monitored geoeconomic area. The positive development trend in this area was also determined by several factors, mainly by economic growth and especially by implementation of various measures at national and transnational level concerning strengthening of employment and increasing competitiveness of selected groups of labor force on the labor market. Due to these and a range of other specific factors, developments in the employment rate have been positive at the European

Union level, with an employment rate of 73.2% in the European Union aged 20-64 in 2018. (Smarter, greener, more inclusive, 2019)

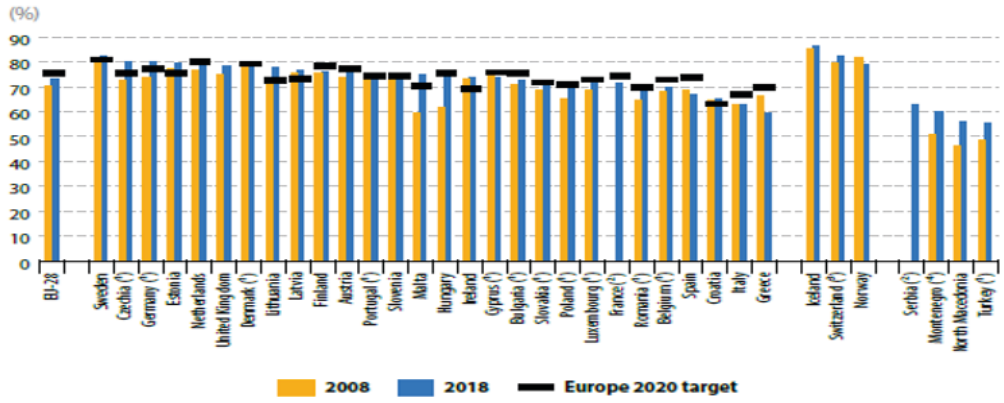
Figure 7 Employment rate in the EU in the period 2002 - 2018

Source: Smarter, greener, more inclusive, 2019

Based on monitoring and comparing the development of the employment rate of the population of the European Union aged 20-64, we can show that in 2018 the employment rate within the European integration area ranged from 59.5% (Greece) to 82.6% Sweden. In terms of the geographical disparities in employment rates achieved within the European Integration Area as a whole, we can point out that a stronger increase in the employment rates of the population aged 20-64 has been observed in the Member States of the European Union located in Northern and Central Europe. Half of the Member States from this geographical area have seen an increase in the employment rate and the achievement of the Europe 2020 target of 75%. The Mediterranean Member States report lower figures for the reported employment rate of the population of the European Union aged 20-64. (Smarter, greener, more inclusive, 2019)

Between 2008 and 2018, the employment rate of the population aged 20-64 in the vast majority of Member States has been growing within the European Integration Area. Malta (15.8 percentage points) and Hungary (12.9 percentage points) recorded the strongest growth. (Smarter, greener, more inclusive, 2019)

Figure 8 Employment of the European Union population aged 20 - 64 in 2008 and 2018

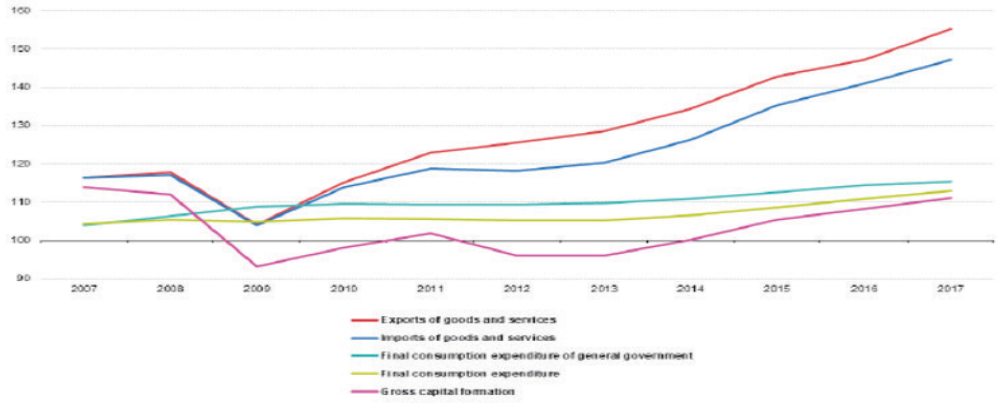


Source: Smarter, greener, more inclusive, 2019

Consumption expenditure

Decomposition and follow-up of the components of the GDP indicator indicate that, in terms of monitoring the evolution of final consumption-oriented expenditure within the European Integration Area, these have increased by 8.1% over the reference period covering the 2007 -2017 period. However, the recorded upward trend in consumption expenditure was not entirely continuous. In terms of investment activity as well as in terms of composition of entities involved in investments, it can be pointed out that in the period under review we have recorded a significant share of the private sector in the area. Analyzed and compared calculations show that in 2017, investment by businesses and households accounted for 17.9% of GDP, while public sector investment was 2.8% of GDP in this period. In terms of monitoring the spatial distribution of representation and the proportion of investment groups under review (expressed as a percentage of GDP), the highest volumes of public sector investment were invested in Hungary and Estonia, with the highest volumes of business sector investment being applied in Ireland and Sweden. (Eurostat, 2018d)

Figure 9 The EU consumption expenditure in 2007 – 2017



Source: Eurostat, National accounts and GDP (2018)

3 THE EUROPEAN UNION AS AN ACTOR IN THE WORLD ECONOMY

As has been pointed out in the previous sections, the European Union is a geographically vast, internally differentiated, complex, dynamically developing, open transnational economic complex that has gradually established itself as one of the key geo-economic actors in the globalized space of the world economy. By maintaining the continuity and necessary dynamism of the integration process and progressively fulfilling the key integration priorities, as well as the ability to gradually consolidate the internal economic space after major changes related to the gradual deepening of economic integration and the expansion of the transnational economic complex to a specific and important economic and trading partner. Following the development of selected macroeconomic indicators, we can point out that the European Union achieved GDP growth of EUR 15.3 billion in 2017. In terms of the allocation of trading partners in the context of monitoring the volume of trade with these actors, more than 64% of the total trade is realized within the internal economic space of the European Union. The European Union, together with the US and China, are the three largest trading players in the world economy. (Globalisation patterns in EU trade and investment, 2017)

In 2018, the US and China were the main trading partners of the European Union based on monitoring the evolution of the volume of trade in goods, as documented in Table 1.

Table 1 The European Union‘s main trading partners – trade in goods in 2018 (million EUR)

State	Export	Import	Total sum	Trade balance
USA	406 372	267 270	673 642	+ 139 102
China	209 906	394 698	604 604	- 184 179
Switzerland	156 484	108 980	265 464	+ 47 504
World	1 955 746	1 980 361	3 936 107	- 24 615

Source: Globalisation patterns in EU trade and investment, 2017

In terms of monitoring the share in the total volume of global foreign direct investment, the European Union in 2016 accounted for the largest share of this monitored volume, both in terms of the volume of foreign direct investment invested domestic and in abroad.

Table 2 Share in world FDI in 2016 in%

State	Inland FDI	FDI abroad
EU	38,4	52,0
USA	35,3	39,5
China	7,5	7,9
Canada	5,3	7,5
Japan	1,0	8,7

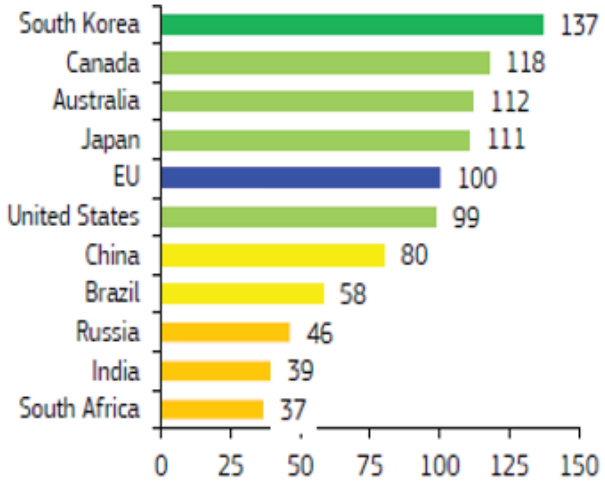
Source: Globalisation patterns in EU trade and investment, 2017

One of the key indicators monitored not only in terms of assessing economic performance, but above all in terms of the ability of the national economy, the economy of a multinational economic complex and specific economic, business entities carrying out their economic activities in a given territory is the achieved level of competitiveness. In the sources of economic literature, competitiveness is currently identified as one of the most watched characteristics of the ability of the national economy to use the comparative advantages available to produce goods and services that it is able to locate and maintain in the long term in both regional and global markets.

In terms of assessing the level of innovation performance achieved by the European Union as a whole at global level for 2018, it can be pointed out that the European integration space is lagging behind in South Korea, Canada, Australia, Japan in terms of innovation performance. However, compared to 2017, the European Union has seen a slight improvement in its position in

terms of innovation performance compared to the US. However, an assessment of the degree of innovation performance achieved by selected actors at the global level shows that the European Union, compared to the key innovation leaders, is significantly lagging behind with a prediction of widening these disparities in the coming period. (European Innovation Scoreboard, 2019)

Figure 10 Innovation performance on global level in 2018

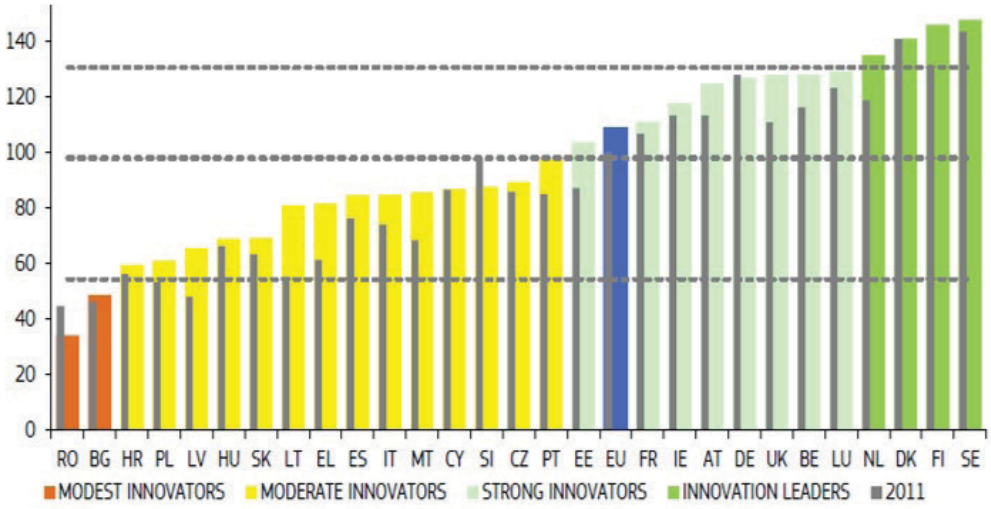


Source: European Innovation Scoreboard, 2019

On the basis of a comprehensive comparison of the innovation performance achieved within the European integration area, it can be shown that, since 2011, the innovation performance of this transnational economic complex has increased by 8.8 percentage points. This positive development in the area of innovation performance was influenced by the positive development in the area of more specific: new doctorate graduates, international scientific co-publications and broadband penetration. (Euroepan Innovation Scoreboard, 2019)

Since 2011, the level of innovation performance achieved within the European Integration Area has increased, with a positive trend for 25 Member States and a decline for 3 Member States. The most significant growth rates of innovation performance were observed: Lithuania, Greece, Latvia, Malta, the United Kingdom, Estonia and the Netherlands. On the other hand, Romania and Slovenia recorded a decline in the level of innovation performance. Convergence dynamics in terms of innovation performance rate suggests that Member States with a lower rate of innovation performance are more progressive in this area than Member States with a high rate of innovation performance. (European Innovation Scoreboard 2018, European Innovation Scoreboard, 2019)

Figure 11 Innovation performance of the EU in 2018



Source: European Innovation Scoreboard, 2019

The European Union, as one of the key global economic actor in the world economy area, is characterized by a relatively comprehensive and sophisticated foreign trade policy characterized by the conclusion and subsequent implementation of specific types of foreign trade agreements and agreements concerning the development of friendship in a particular economic cooperation in selected areas. The basis of foreign cooperation with selected economic partners is to achieve a high degree of liberalization of mutual relations, especially in the area of tariff reduction and customs burden, removing other non-tariff barriers to mutual trade in goods, creating opportunities for improving trade in services, the protection of investors and investments, the consolidation and harmonization of technical, administrative and regulatory measures, the protection of employers and employees, and cooperation in various other areas relating to selected economic and economic sectors.

CONCLUSION

The European Union is currently one of the key players in the globalized global economy. The accelerating process of globalization, manifested in the world economy, brings with it a whole spectrum of specific developments, to which both national and transnational economic complexes must adapt. As one of its key objectives, the European Union has set itself efforts to maintain and strengthen its position in the world economy through the implementation of various measures and the implementation of instruments aimed at

strengthening internal cohesion and the economic convergence of its internal economic space. However, the achievement of these strategic objectives is largely influenced by the development tendencies manifested not only in its internal but also external economic environment. In this context, it can be pointed out that, despite the effects of the whole range of influences and trends, the European integration space has maintained its stable position in the world economy. Its position in this area is also strengthened by the extent and level of development of foreign trade cooperation within the European Union. The European Union has developed a broad global trade partnership with selected actors from almost all macro-regions of the political map of the world. A stronger strengthening of the European Union‘s position in the world economy would also contribute to increasing its competitive position not only in regional but especially in global markets. On the one hand, this can be achieved through the development of foreign trade cooperation, but also by increasing the degree of competitiveness of products and traded commodities and services by increasing their added value, in particular by implementing various innovations. However, to this end, it would be necessary, within the european integration area, to increase R&D investment rates and to develop partnerships with key economic partners from the external environment also in this area, as well as to improve the level and quality of the education system.

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Michael KUPEC [1]

ASSET BUBBLES AND THE IMPACTS OF THE UNITED STATES SUBPRIME MORTGAGE CRISIS ON THE FINANCIAL SECTOR

Abstract
The paper looks into personalization of the internet and the concept of diversity, their intersections and use on labour markets by public administration bodies and private entities. It presents a basic overview of the current state of interactions between the concepts of diversity, or its dimensions, and personalization of the internet. It identifies trends in personalization of the internet, categorizes them and creates a comprehensible overview, while also analyzing specialized texts dealing with the dimensions of diversity and their overlap with personalization of the internet. The work's main contribution is the comprehensive view of the techniques of personalization of the internet, together with presenting a concept of perception of the importance of factors such as age, gender or ethnicity for personalization of the internet – an element to be used at the employment market.

Key words: personalization, internet, dimensions of diversity, labour market

1 INTRODUCTION

Employees who take in the outside world through digital technology and look for employment opportunities using these technologies have become a common phenomenon in the past decade. In the past two decades, media have become an everyday part of our lives and their impact on people cannot be denied (Imrovič & Hencelová, 2017). Hand in hand with the progress of digitalization of everyday life, personalization has found its place also in online job hunting. We can even argue that the conditions for its use are better than ever. Technological advancement facilitates the implementation of personalization measures, and personalization techniques are getting more sophisticated, with a wider potential for use. Barriers mentioned in literature (Montgomary & Smith, 2009) in the form of underperforming computing devices have been overcome. As the hardware

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capacity increases, so does the speed of the development of personalization of the internet (Kalaignanama, et al., 2018; Tucker, 2014).

The approaches of how to address this issue may also include the use of information and knowledge that is concentrated in a longitudinal research study on diversity. Neither employees nor customers, for instance, behave as a homogeneous group (Dobre & Milovan-Ciuta, 2015). Consequently, diversity that has been increasing with the growth of globalization also in markets that could be described as homogeneous (e.g. the Czech Republic), taking into perspective the historical development, can play a significant role in the success of a retailer on the end market. So, as markets are getting more global, so are the tastes of the internet users (Arnould, 2010), which organizations using personalization of the internet must respond to. We can look at diversity in a similar way. Globalization is the reason why, also in our country, we are aware of different perceptions of other ethnic groups, and it has also fundamentally changed the perception of gender issues. In addition, also the employment of seniors and many other aspects of diversity have come to the centre of attention (Maříková, et al., 2015).

In the Czech Republic, the use of aspects of the concept of diversity has gained momentum especially after the accession to the European Union (Eger & Indruchová, 2014). In this context, market globalization can be mentioned, for example, in connection with the Digital Agenda for Europe project, which was launched in May 2010 and whose aim it is to boost the European economy through a consolidated and sustainable digital market. The above factors significantly enhance the potential for using personalization of the internet together with various dimensions of the concept of diversity.

2 METHODS

The aim of this article is to present basic information concerning the level of interaction that is currently going on between the elements of the concept of diversity and personalization of the internet. At the same time, it is meant to contribute to the body of texts on personalization of the internet in three ways. First, current trends in personalization of the internet will be identified and then categorized using a technology key based on the current status and historical development. In this way, it will show that although the current situation in the field of personalization of technologies is somewhat confusing, it is indeed possible to create a comprehensible overview of personalization techniques. Secondly, it will also focus on specialized texts and the way in which they inform about the concept of diversity. And thirdly, it will analyze how specialized texts look at the interconnectedness of specific dimensions of the concept of diversity in connection with personalization of web content.

As the article focuses on current trends in personalization of the internet

with respect to the use of this technique in the labour market, it examines specialized articles in the fields of economy and technology. The paper presents an overview of personalization of the internet, the concept of diversity and current theoretical issues in the two sectors. Further, it describes the methodology used in the research. Subsequently, results are presented and discussed, including recommendations for future research. In the end, conclusions are drawn from the results and the general direction of the field in the near future is discussed.

2.1 Personalization of the internet

The impact of personalization of the internet is considered potentially significant as it is mentioned in connection with the main tools used by marketing to succeed in the online environment (Kalaignanama, et al., 2008). Organizations use personalization to overcome the challenges of how to disseminate their information, given the vast number of specific properties a potential employee may have. Continuous collection of a huge amount of data that is carried out in the online environment creates conditions for a more detailed targeting regarding customer preferences (Cheng, et al., 2018).

The internet makes use of the ever-growing number of users, which is also true for people on the labour market. The data show that 78% of households had access to the internet in 2018, which represents a fourfold increase in households with access to the internet in a decade. When we include users who have access to the internet through their mobile phones, the number of internet users increased to 81% of the population in 2018 (ČSÚ, 2018). Globally, there were approximately 3.9 billion internet users in 2018, which represents 51.2% of the total population. By 2023, this figure is expected to increase to 70% of the world's population (ITU, 2019).

From the employee's perspective, it is import to note that because of personalization their behaviour will influence the information they learn about their potential employer on the internet. Consequently, an organization that is looking for employees has available a tool through which it can distribute crucial information to potential employees.

2.2 The concept of diversity

In English the term 'diversity' is synonymous to words like variety, distinctiveness, multiplicity or heterogeneity. According to Šikýř (Šikýř, 2014), the concept of diversity is understood as a diversity of opinions, different perspectives on invention of various solutions to the existing problems and the resulting benefits, all this with the help of a diverse group of people. Gilbert (Gilbert, et al., 1999) claims that the use of diversity in an organization enhances the value

of demographic, ethnic and individual differences. For this reason, the concept of diversity management has been developed, which is used in various processes in organizations. Pauknerová (Pauknerová & kol., 2012) is of a similar opinion and states that diversity is understood as the heterogeneity of or differences between individuals with respect to certain criteria with which individuals can be divided into specific social groups.

Within the processes of organizations, it is diversity management which deals with diversity. The beginning of the study of diversity management dates back to the early 1990s; however, as Eger and Indruchová point out (Eger & Indruchová, 2014), it has appeared in the Czech environment only in the past decade. For instance, the document Diverzita a pracovní trh ve 21. století (Diversity and the Labour Market in the 21st Century) (Murad, et al., 2018) drawn up as part of the aforementioned Diverzita + project supported by the EU funds, claims that by definition the technological revolution interferes with the development of future entrepreneurship while a new generation is entering the labour market that has different values and is globally connected. In our country a certain awareness of diversity as a concept exists in society but, as Maříková (Maříková, et al., 2015) notes, we still do not have a standardized model that would explain how diversity should be systematically used in practice and how it should be dealt with as the complex and comprehensive issue it is.

The definition of diversity is further elaborated by Oyewunmi (Oyewunmi, 2018), who adds that diversity primarily refers to personal characteristics, such as age, gender, ethnicity. In addition to that, it also includes factors like education, religion and social class. Nevertheless, diversity can be used in organizations not only in relation to employees, which is mostly mentioned in literature (Chrobot-Matson & Aramovich, 2013), but also in relation to, for example, the market, i.e. customers, purchasers, suppliers and other groups. For example, the EU Commission's Training Manual for Diversity Management (EC, 2007) argues, among other things, that the use of diversity management leads to the strengthening of a company's position on the market. This is further developed by Egerová (Egerová, et al., 2013), who mentions the use of diversity in connection with improving the company's competitive advantage, which results from a better use of an individual's potential.

Podsiadlowski (Podsiadlowski, et al., 2012) states that there are many ways to define and classify diversity. Most of these are concerned with division into different dimensions such as gender, age, ethnicity, nationality or education. For a successful diversity management, diversities are classified into individual dimensions. There are certain differences in literature concerning this classification into dimensions. Some authors (Plantega, 2004) divide diversity into five basic dimensions: race and ethnicity; gender differences; age; disability; sexual orientation. Other sources (Shore, et al., 2009) mention six dimensions,

adding to the five abovementioned dimensions a sixth one, which is cultural and national origin. Also other approaches exist, for instance Kirton and Greene (Kirton & Greene, 2010) add religion as a sixth dimension to the existing five basic dimensions. Religion and cultural and national origin, however, overlap to a great degree.

For example, Gardenswartz and Rowe (Gardenswartz & Rowe, 2003), in Czech translation (MCT, 2010), use a more complex division when they divide diversity into four layers. The first one is personality, which includes characteristics and skills, among other things. The second layer is inner dimension, which includes race, gender, sexual orientation, religion, age and disability. The third layer is external dimension, which includes language, marital status, appearance, personal habits, geographical location, recreational habits, parental status, work experience, income and education. The fourth layer is organizational dimension, which includes, for example, the working environment, job, place of work, etc. For the purposes of this text, the six basic dimensions of diversity as outlined by Shore will be used.

For the purposes of this text, it should be noted that diversity can be understood as a managerial concept that aims to create the basis for such conditions that will allow all employees in a company to fully use their potential with respect to their potential differences. Thus, diversity is one of the possible ways to make use of heterogeneity, as is stated in Eger (Eger & kol., 2009). Diversity can be divided in different ways – within the scope of this text it is important to focus on division from the point of view of management and marketing. According to Hubbard (Hubbard, 2012), there is the diversity of workforce; behavioural diversity; structural diversity; and business and global diversity. The last kind of diversity includes e.g. market segmentation, product diversification, etc. This last area can be very well used in connection with personalization of the internet. This whole area then breaks down into individual dimensions, which will be discussed later on in the text. What is essential here is the fact that diversity can be used in organizations not only in relation to employees, which is mostly mentioned in literature (Hubbard, 2012; Brief, 2008; Kislingerová, 2008; Chrobot-Matson & Aramovich, 2013), but also in relation to the market, i.e. customers, purchasers, suppliers and other groups.

Thus, this article studies the processes of personalization of the internet using the concept of diversity, or their form that can be used by companies in order to impact the target group of employees. The paper will first identify and determine the current state of personalization, including its definition and context, using a bibliography search. Similarly, using the existing literature, it will discuss the different views on the concept of diversity, though limited only to the field of diversity management.

2.3 Objectives and research questions

The aim of the bibliography search is to create an overview of the various attitudes and outlines of the topic, based on which a synthesis of individual views can be carried out. The bibliography search can provide a new perspective on the existing knowledge, or combine it with earlier findings. Within a synthesis important associations within individual components of a certain phenomenon are studied. This then leads to the understanding of the internal functioning and possible development of the given phenomenon. (Jersáková, 2010).

This is followed by a content analysis that aims to establish a link between the concept of diversity and personalization of the internet as it appears in contemporary literature. Dvořáková (Dvořáková, 2010) states that content analysis monitors characters (words or phrases) and their occurrence and frequency in texts. Thus, it quantifies the presence of a certain character and in this way it can be used to compare different phenomena. Gavora (Gavora, 2015) adds that when conducting content analysis we need to focus on the type of analyzed content, the research sample, the depth of the analysis, the verification of the analyzed data and the form of presenting the results of the analysis. However, research questions must be defined prior to the analysis. After the analysis, the data must be summarized and interpreted.

The main research question is: What is the link between the concept of diversity and personalization of the internet in contemporary literature?
In order to more closely specify the results secondary research questions are stipulated. SRQ1: What dimensions of diversity is personalization of the internet most often associated with? SRQ2: How does the trend of frequency of personalization of the internet in specialized texts differ from the frequency of individual concepts of diversity in literature dealing with personalization of the internet?

Two hypotheses are stipulated in order to more closely specify the results of the analysis. H1: The dimensions of diversity that are most often associated with personalization of the internet are age, gender and culture. This hypothesis is based on the thesis that race, sexual orientation and disability are more difficult to detect for the purposes of personalization of the internet.

H2: The interest in the issue of personalization of the internet should increase as this technique is getting more generally known. Along with the increasing number of specialized texts published on this topic, the frequency of the dimensions of diversity in these texts should increase as well.

The bibliography search and content analysis were conducted between February and May 2019. The following phrases were used for the basic bibliography search: web personalization; personalization of internet; website + personalization; diversity; diversity in organization, diversity management. Based

on these phrases, articles were selected that were subsequently used as sources for identification of other relevant articles and sources. Out of over a hundred articles that were studied as part of the bibliography search, some fifty relevant sources remained after articles that touched on the topic only marginally were eliminated. As part of content analysis, the range of the bibliography search was limited to the period 2008–2018, as the aim was to capture the link between the concept of diversity and personalization of the internet in contemporary literature. Specialized electronic resources such as Web of Science and Ebsco were used for the search.

3 RESULTS

First, we need to focus on past and current trends in personalization of the internet, which will be further categorized according to a technology key. Personalization is a set of tools and algorithms thanks to which users see a filtered, restricted or otherwise affected virtual space, or information.

However, personalization is divided into various types of techniques that can currently be used in personalization. Only after an organization determines which technique can be used to target which group of employees is it appropriate to proceed with personalization, i.e. using a classification that allows for a specific personalization tool to be applied to a specific group. The table below provides an overview of major streams of personalization, their techniques and literature dealing with them as they were identified by the author in previous texts.

Figure 1 Categorization of personalization processes

Recommender systems	**Contextualization**
Rule-based	Responsive Websitest
Content-based Filtering	Comunication of the Server with the Costumer
Remarketing	Localization
Pers. Newsletters	**Customization**
Hybrid Recommender Systems	Content Customization
Collaborative filtering	Price Adjustment
Memory-based Collaborative Filtering	Product Configuration
Model-based Collaborative Filtering	Task Perform Support

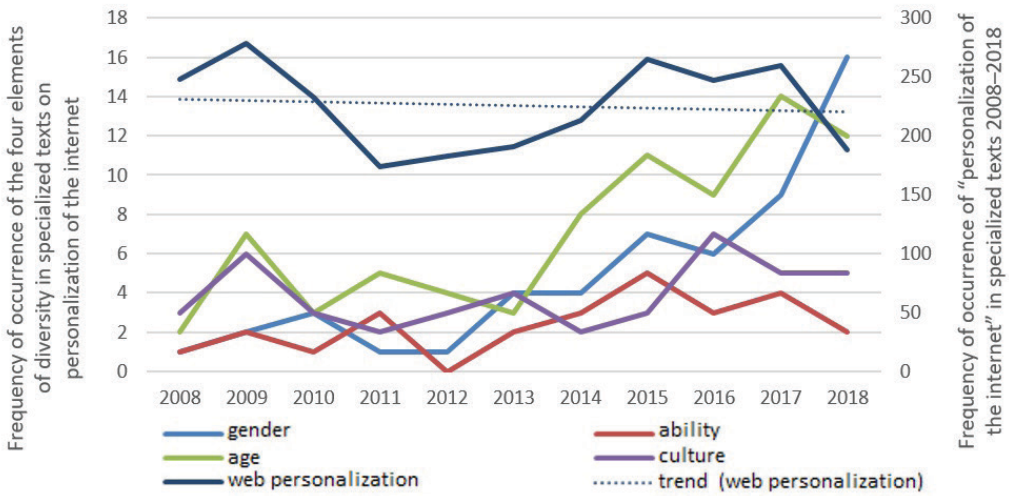
Source: (Kupec, 2018, p. 108)

This division of personalization techniques corresponds to current trends and levels of knowledge concerning personalization. If the available personalization techniques are known, in order for them to be used well we must identify for which group of employees (or individuals) these techniques might be used. Here, personalization as a technique may overlap with dimensions of

diversity. Since a group of employees uses certain patterns of behaviour based on their social status, inherited patterns of behaviour, sexual orientation, positive or negative discrimination and numerous others, personalization can be used to target this group. It is basically a combination of social phenomena where a certain uniqueness plays a significant role and which consequently impact the company's economy through personalization of the internet.

In view of the above, it is advisable to look at how personalization of the internet and the concepts of diversity are dealt with in specialized literature as they basically describe certain social phenomena. Thus, the topic studied in this paper concerns the processes of personalization of the internet using diversity, or its dimensions that companies can make use of to reach the target customer group. The research was conducted in scientific articles dated from the years 2008–2018 based on whether and how the aforementioned six dimensions of diversity, i.e. gender, age, disability, cultural environment, ethnicity and sexual orientation, are mentioned in these articles dealing with personalization of the internet.

Figure 2 Texts associated with personalization of the internet – dimensions of diversity in the years 2008–2018



Source: Author

The graph shows the result of the content analysis; however, it does not depict all six dimensions of diversity. Sexual orientation, race and ethnicity have been excluded from the graph for a reason, as specialized texts published between 2008 and 2018 do not mention these dimensions, or mention them only marginally. Consequently it was impossible to include them as factors that would be associated with personalization of the internet in these texts. Their value is zero.

Further, the graph also includes texts that deal with personalization of the internet both with and without the dimensions of diversity. Since the amount is higher by orders of magnitude (and also logically), the course of their occurrence was plotted on the secondary axis. In addition, a trendline has been added for frequency of occurrence of personalization of the internet.

Based on the determined results, it can be concluded that the first hypothesis H1 was only partially confirmed. Contrary to this hypothesis, it has been found that in addition to the expected dimensions of diversity, scientific texts also deal with disability to a significant extent in connection with personalization of the internet, along with the dimensions of gender, age and cultural environment.

These articles largely analyze not just the possibilities of direct targeting that brings primary economic benefit to the business, but, in line with current trends such as promoting social integration, they also look into the possibilities that personalization offers to disabled internet users to make work, communication and generally using the online reality easier for them.

On the other hand, the thesis that racial and ethnic issues, together with the dimension of sexual orientation, do not appear in these texts or do so only marginally was confirmed. We may argue that these two dimensions are still too personal and sensitive, so researchers tend to be more cautious when dealing with them.

In connection with the above, the answer to the first secondary research question is that the texts on personalization of the internet most often mention the dimensions of age, gender, cultural environment and disability, with gender being the most often cited dimension and disability the least cited one.

The second hypothesis H2 was again confirmed only partially. It is clear from the results that the trend of occurrence of the four dimensions of diversity in specialized texts on personalization of the internet has been increasing, but somewhat surprisingly the number of texts dealing with personalization of the internet has slightly decreased, as shown by the trendline, see Chart 1. One of the reasons might be that researchers focus on more current trends in the online world; however, the downward trend has been only moderate so far. In response to the second secondary research question it can be noted that, while the occurrence of personalization of the internet in specialized texts has been decreasing slightly, all four depicted dimensions of diversity have been increasingly mentioned in texts dealing with personalization of the internet, with age and gender most on the rise.

3.1 Discussion

Current scientific literature does recognize the existence of a link between the concept of diversity and personalization of the internet; however, the link varies with respect to different dimensions of diversity. Given the overall number

of texts dealing with personalization of the internet it can be said that specialized texts mention dimensions of diversity only marginally, as these appear in only about 8% of specialized texts dealing with personalization of the internet. Thus, it can be argued that this area should be further explored and expanded.

The above analysis should be compared to other theories in a responsible manner. At the same time, it should be also mentioned here that the studied topic deals with a very current issue, which means that the results of comparable studies are not largely available in the Czech Republic. Further, the analysis should be extended to cover a longer period of time and not just scientific articles but also scientific books on the given subject, and popular science articles in non-scientific literature should be included in the studied sources.

Moreover, it would be useful to investigate organizations that work with recruitment of workers and the internet, using a suitable method, such as a questionnaire survey. For public administration organizations, such questioning could be used, for example, for Labour Offices, while in the private sector any organization that employs a large number of people could be investigated, such as Škoda Auto, etc.

CONCLUSIONS

The development of both microeconomic and macroeconomic environment is described in studies (Accenture, 2017; IBM, 2017) that focus on the overlap of online transfer of information. Enterprises and institutions commonly use personalization of the internet as a working tool, including in the labour market. Therefore, this article focuses on the classification and a comprehensive overview of tools for personalization of the internet that are currently available. Further, it identifies the links between personalization of the internet and dimensions of diversity that can be a major factor that can significantly affect the use of personalization of the internet when it comes to the labour market.

Although employees' activities and life that take place in the digital environment are of crucial importance (especially in some sectors), some organizations do not sufficiently reflect on this fact and are still active mainly in the offline environment. As a result, these organizations, especially government agencies, do not make full use of the benefits of using diversity management in the area of human resources (such as employee satisfaction, creativity, innovation and efficiency of its employees).

This text focuses on the possibilities of personalization of the internet that are available to such organizations, while at the same time it looks into the importance of using elements of dimensions of diversity. From the perspective of a company these should be perceived as a potentially significant competitive advantage.

The whole issue is an interdisciplinary topic, during the study of which questions arise concerning fields such as economics, IT, statistics, psychology and, last but not least, law (on both the national or individual level).

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Václav VYBÍHAL[1]

DETERMINANTS OF FINANCIAL INDEPENDENCE OF MUNICIPALITIES IN THE CONTEXT OF FISCAL DECENTRALISATION

Abstract

The paper addresses the issue of municipal financial independence and the degree of self-financing within a group of selected municipalities from the Slovak Republic and the comparison of their levels and dynamics with municipalities from the Czech Republic. The quantification of the indicators expressing the level of fiscal decentralisation over a 5-year period, including a detailed analysis of the structure of the municipal revenues at both the absolute level and the per capita level, has made it possible to discover information which has allowed the designation of the determinants and factors which constitute the level of municipal financial independence or the municipal fiscal position. It has been shown that real estate tax, which is allocated to the municipal budget, does play an important role, albeit not a decisive one with regard to the formation of the municipality's total revenues. Not even the options of using coefficients or tax rates to increase their budgets, which are open to the municipalities by law, have had a significant influence on the overall municipal revenues. The tax share designated in favour of each municipality as a share from the national gross tax revenue and grants and subsidies have become the municipality's decisive sources of income. Relatively significant differences have been discovered at the level of the total income per inhabitant, as well as in the area of municipal financial independence within the researched group of 78 municipalities from the Slovak Republic and 81 municipalities from the Czech Republic. The paper analyses in detail the determinants or factors which have affected the levels of the given indicators.

Key words: fiscal decentralisation, municipality, fiscal independence, revenue, determinants, Slovak Republic, CzechRepublic

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1 INTRODUCTION

The establishment of an independent Slovak and Czech Republic meant, among other things, the initiation of new stages in the development of modern society. It meant moving to a certain degree of decentralization, framed by a shared responsibility between institutions representing central, regional and local government. This process was to ensure an increase in the quality and efficiency of the public government system, in particular by increasing the power and responsibility of the individual decentralized levels of government. The significant reform was also at the level of local self-government (Imrovič - Švikruha, 2015).

In this context, it can be said that decentralization has its political, administrative, fiscal and economic form. From the point of view of self-sufficiency of municipalities, fiscal decentralization is crucial, especially in the context of the distribution of funds among the various levels of government. Through municipalities is applied particularly the allocation function, to a lesser extent the redistribution function, while the stabilizing function of public finances is almost exclusively applied at the level of central government. In order to carry out decentralization effectively including the public finance allocation function, it is necessary, in addition to the required statutory powers, to acquire adequate multi-source income, with a predominance of own income, which strengthen the financial self-sufficiency of municipalities.

It can be said that the decentralization of public administration should be an important factor in making the functioning of the public administration more efficient in every developed society. However, the degree and the way of decentralization varies considerably from country to country. The process of decentralization and deconcentration follows a specific course and contours across the European Union. In Slovakia, the decentralization of public administration was implemented within several reforms, decisive was the establishment of higher territorial self-governing units (regions) before joining the European Union, and the division of powers, responsibilities and fiscal resources for the provision of public goods among different levels of public government. The reforms in the Czech Republic had similar intentions, although not entirely identical. A common feature of the reforms in both countries before joining the European Union was to meet the demand for deeper decentralization, accompanied by the emergence of regions (higher

territorial units) and independent municipalities, as this trend tended to fit into the existing significant European development trend causally framed by the development of democracy through preference of regions and local self-governments. Within the European Union has been adopted a vision that the development of globalization and the market environment will not be identical to national territories, but will create an increasingly open economy with a lower level of economic dependence on central government. That is the reason for the evident political effort at European Union level to create one superstate with a planned identity without the need for a nation state and its sovereignty.

From a political point of view, the objectives are starting to materialize, but in terms of fiscal decentralization, there is a situation in the Slovak Republic and in the Czech Republic where the self-sufficiency of municipalities is very low and municipalities are largely dependent on subsidies from central government with semantic support especially in the framework of the law determining tax distribution. There is no solution which would significantly increase the self-sufficiency of municipalities. Both countries, the Slovak Republic and the Czech Republic, differ mainly in their different tax distribution, focusing in particular on the share from the national gross tax revenue in favor of municipalities. In the income structure of the municipal budget, revenues from the so-called share taxes play a decisive role. However, the impact of share taxes on the degree of financial self-sufficiency of individual municipalities does not differ much, although some differences in the level of fiscal self-sufficiency are evident, with Slovakia's fiscal decentralization measured by the indicator of self-sufficiency in municipalities being higher and less dependent on the state than in the Czech Republic (Vybíhal, 2018).

The aim of this study was, in addition to monitoring the level and the dynamics of indicators expressing the degree of fiscal decentralization, including the comparison between the average level of achieved indicators between municipalities in the Czech Republic and in the Slovak Republic, using the analytical-synthetic and comparative methods, to find out what the structure of income is and which determinants and factors affect the current level of financial self-sufficiency in the monitored municipalities of the Slovak Republic and the Czech Republic over a five-year period.

Tax distribution in the Slovak Republic and in the Czech Republic

A new tax system was enacted in Slovakia with effect from January 1st, 1993, together with the establishment of an independent state. The strategy of radical economic reform ensuring the transition of the economy to the market economy has been fulfilled. Gradually, the tax quota was reduced as an expression of the strategic goal of the economy, and this process was faster than usual in developed market economies. The tax quota declined very sharply to 29.5%, the lowest level across the European Union. This was naturally reflected in tax distribution and had a significant impact on the revenue of all public budgets, fiscal decentralization, but also on social policy in the form of undersized pensions and other social security benefits, including expenditures on social services.

It can be said that the institutional foundations of public administration in Slovakia were laid between 1991 and 1996. However, according to Vybíhal (2018), this period cannot be considered as a period characterized by fiscal decentralization. A dual model was created in the coexistence of state administration and local self-government represented by municipalities. This period is characterized by a high degree of centralization and minimum financial autonomy of municipalities, because the local self-government received subsidies from the central state budget.

Significant changes occured between 1997 and 2002, when a number of documents and concepts were drafted and adopted to shape the vision of the functioning of public administration in Slovakia with an emphasis on the issue of regional self-government. Significant documents were adopted in this respect, such as the "The Strategy of Public Administration Reform of the Slovak Republic" and "The Concept of Decentralization and Modernization of Public Administration". This period can be characterized by the fact that the municipalities received income to the municipal budget primarily in the form of tax revenue (about 40% of the municipal income), local taxes and fees (so-called own tax revenue) and in the form of share taxes (personal income tax from dependent activity, corporate income tax and road tax), while the own tax revenue accounted for about 15% of the municipality's total income (Nižňanský and Valentovič, 2004). Other municipal incomes were grants, subsidies, funds from the sale of property, rent, or loans.

In the years 2002-2005 continued reform measures, which became another significant milestone in the development of fiscal decentralization

in Slovakia. It can be stated that the system and revenue structure of local self-government have changed significantly. During this period, more than 400 competencies were transferred from the state to municipalities and higher territorial units. The range of competencies is quite wide and complicated. However, the transfer of powers to municipalities and regions has led not only to strengthening the position of municipalities and regions but also to a natural increase of responsibilities of local and regional authorities in the management of public affairs.

Table 1: Structure of the share in the national revenue from personal income tax (%) in Slovakia

Year	2005-2010	2011-2013	2014	2015	2016	2017	2018
Municipality	70.3	65.4	67.0	68.5	70.0	70.0	70.0
Region	23.5	21.9	21.9	29.2	30.0	30.0	30.0
Country	6.2	12.7	11.1	2.3	0.0	0.0	0.0

Source: Act No. 337/2015 Coll., Government Regulation 668/2004 Coll. and materials of the Ministry of Finance of the Slovak Republic.

An important shift in this area occurred between 2005 and 2010, when municipalities, according to tax distribution, received 70.3% of the national gross revenue from personal income tax, and in the period from 2011 to 2016, this share has changed significantly in favour of municipalities, as shown in the Tab. 1.

The tax distribution in the form of a share from the national revenue from personal income tax is the result of the redistribution criteria (according to the amended Slovak Government Regulation No. 668/2004 Coll.), which are given for municipalities (year 2018) as follows:

- 23% according to the number of inhabitants of the municipality with permanent residence in the municipality, of which 57% is converted by the coefficient according to the municipality's altitude;
- 32% according to the number of inhabitants of the municipality with permanent residence in the municipality converted by the coefficient depending on the classification of the municipality by size category;
- 40% according to the number of pupils in schools and school facilities;
- 5% according to the number of inhabitants of the municipality who have reached the age of 62, with permanent residence in the municipality.

However, it should be emphasized that the municipalities in the Slovak

Republic (unlike the Czech Republic) receive only a share in the national revenue from personal income tax. So the higher territorial units in Slovakia (regions) lost the only one entrusted tax revenue (motor vehicle tax), in favor of the state budget (from January 1st, 2015).

The transformation of local fees into local taxes was an important step for municipalities. Some fees were abolished and others were transformed to local taxes and are assigned to the municipalities until today. The principle of subsidiarity has thus been fulfilled as a result of a systemic approach to the solution, accompanied by legislative guarantees for the stability of local self-government revenues.

At present (year 2019), these local taxes are assigned to the municipal budgets:

- property tax;
- dog tax;
- tax on the use of public space;
- tax on vending machines;
- accommodation tax;
- tax for non-winning gaming machines;
- tax for entering and parking of a motor vehicle in the historical part of the city;
- tax for the nuclear facility.

Another revenue of the municipality is:

- local waste fee;
- local development fee.

From the point of view of public finance theory, the local waste fee is a mixed public good, since citizens contribute to the public service from their private resources, while a significant part of the cost of the service is borne by the municipality. Therefore, this property does not have the nature of a pure public good, since it is not possible to operate with the so-called excludability. From the individual local taxes, in this paper we will focus (in order to compare the level of indicators achieved in Slovakia and in the Czech Republic) primarily on the immovable property tax (real estate tax), because it is the most abundant local tax in Slovakia and in the Czech Republic and has a similar structure in these countries (land tax, building tax and tax on appartments).

It can be said that in the Czech Republic, similarly as in Slovakia, several stages of public administration reform have taken place, which have directly influenced fiscal decentralization and the management of municipalities. Major changes occurred particularly in 2001, when new regions and their budgets (overall 14) were incorporated into the public budgets system. The budgets of

the voluntary unions of municipalities (779) and the budgets of the Regional Cohesion Councils (8) have also became part of the budget system of the Czech Republic. Legislatively, this issue is enshrined in Act No. 218/2000 Coll., on Budgetary Rules and Act No. 250/2000 Coll., on Budgetary Rules for Local Budgets (so-called small budgetary rules).

With effect from January 1st, 2001, a significant change in the budget determination of taxes was made. The income of the municipality became the shares from the national gross revenue from personal income tax, corporate income tax and value added tax. Since 2001, municipalities have been receiving shared tax revenue from the national gross tax revenue of 20.59% of personal income tax on dependent activity, withholding tax, income tax on self-employed persons (out of equivalent to 60% of the national income), corporate income tax and value added tax, and 30% of the income tax return of natural persons residing in the municipality.

Other changes took place on January 1st, 2008, when the municipality's share in shared taxes increased to 21.4%, while the criteria related to the number of inhabitants changed slightly.

Table 2: Budget determination of taxes for municipalities in the Czech Republic between 2012 and 2018

Year	2012	2013	2014	2015	2016	2017	2018
A	100	100	100	100	100	100	100
B	100	100	100	100	100	100	100
C	21.4	20.83	20.83	20.83	20.83	20.83	20.83
D	21.4	23.58	23.58	23.58	23.58	23.58	23.58
E	21.4	23.58	23.58	23.58	23.58	23.58	23.58
F	21.4	23.58	23.58	23.58	23.58	23.58	23.58
G	21.4	23.58	23.58	23.58	22.87	22.87	22.87
H	1.5	1.5	1.5	1.5	1.58	1.58	1.58

Source: Act No. 243/2000 Coll., on Budgetary Revenue of Some Taxes to Regional Self-Governments, as amended.

Legend:
A – real estate tax revenue;
B – corporate income tax revenue paid by municipalities;
C – share from the national gross value added tax revenue;
D – share from the national gross corporate income tax revenue;
E – share from the national gross withholding tax revenue;
F – share from the national gross business tax revenue (independent activities); the share shown in Table 2 is calculated from 60% of the gross tax revenue;
G – share from the national income tax of dependent persons (estimated tax)

revenue;
H – share from the national income tax of natural persons from dependent activity revenue according to the number of employees with the place of work in the municipality.

The last significant change in tax distribution came into effect on January 1st, 2013 with a subsequent partial change in 2016 related to the share from the national income tax of dependent individuals revenue (H) - see the data in Table 2.

2 CONCEPT AND TAX BURDEN OF REAL ESTATE TAX

Real estate taxation is one of the pillars of the state's tax policy. In terms of the volume of municipal budget income, the revenue from this property tax is not very high or decisive for municipalities. However, it has to be taken into account that revenues from real estate taxation contribute to a balance and a higher degree of structuring of the tax system, to a more even distribution of the tax burden to individual groups of taxpayers and, last but not least, to diversification of the income budget portfolio of municipal budgets.

The advantage of real estate tax is the fact that the subject of this tax is a part of the assets of natural and legal persons, which can be easily, accurately determined, identified, sanctioned, valued and also controlled. The construction of this tax is understandable and simple, tax revenues in this case cannot be shifted to other tax recipients, the space for tax evasion is significantly reduced, especially in comparison to indirect taxes. However, certain groups of taxpayers may experience the severity of the impact of the tax burden of this property tax, especially with regard to their lower solvency and in the situation when the municipality uses the legal possibility to increase the tax burden on land, buildings and apartments. In the Slovak Republic and in the Czech Republic (unlike in developed market economies), the real estate area is used as a subsidiary tax base, not the market price of the property or the price derived from it.

And why is the immovable property taxed with real estate tax? According to Vybíhal (1997), the reason for property taxation is:

- the necessity to pay the cost of the service associated with the function of the state as a protector of citizens' property, derived from the classic tax theory;
- the expected impact of property taxation on reducing its concentration, i.e. the redistribution of wealth through fiscal pressure, leading to a partial blurring of inequalities between different entities;
- economic advantage to the owners of the property in its capitalization,

including an easier position in obtaining credit resources and the resulting other advantageous economic opportunities;
- a frequent view that property as a durable good should also be taxed by property tax just as other goods are subject to value added tax or excise tax;
- a more favorable price for services resulting from ownership of the property (reduction of the normal cost of living for the owner compared to the tenant);
- fiscal only, i.e. obtaining resources to finance needs and boost local budget revenue.

From a structural point of view, in determining the amount of real estate tax, the amount of land tax, building tax and tax on appartments (units) is determined separately, taxing only property which is taxable and not tax-exempt.

2.1 Construction of real estate tax in Slovakia

In the case of the land tax in Slovakia, the land within the subject to tax is divided as follows (Act No. 582/2004 Coll., on Local Taxes and Local Fee for Municipal Waste and Minor Construction Waste):
- arable land, hop gardens, vineyards, orchards, permanent grassland;
- gardens;
- built-up areas and courtyards, other areas;
- forest land on which there are farm forests, fish ponds and other utilized areas;
- building land.

The tax base for arable land, hop gardens, vineyards, orchards and permanent grassland is the value of the land determined by multiplying the land area in ha and the value of the land per 1 m2 (Annex 1 to the cited act).
The annual land tax rate is 0.25%. This basic annual tax rate may be increased or decreased by the tax administrator and the annual land tax rate may not exceed:
- 5 times the base annual tax rate (for arable land, vineyards, hop gardens, orchards, permanent grasslands, gardens, built-up areas, courtyards, other areas, building land);
- 10 times the annual tax rate (for forest land, fish ponds and other farmland).

In the case of arable land, the land values (according to Annex 1 to the cited act) range from EUR 0.0647 to EUR 1.1674/m2. The maximum and minimum values of arable land by cadastral areas are shown in Table 3. The

minimum value of 0.0647 m2 reach 44 cadastral areas.

Table 3: Maximum and minimum values of arable land by cadastral areas of the SR

Maximum value (EUR/m2)	Cadastral Area	CA Code	District	Minimum Value (EUR/m2)	Cadastral Area	CA Code	District
1.16740	Čierny Brod	809799	Galanta	0.0647	Uhrovské Podhradie	866407	Bánovce nad Bebravou
1.1584	Báč	800406	Dunajská Streda	0.0647	Závada pod Čiernym Vrchom	872482	Bánovce nad Bebravou
1.1578	Košúty	827720	Galanta	0.0647	Horná Mariková	817287	Bánovce nad Bebravou
1.1189	Horné Holiare	816621	Komárno	0.0647	Peťovka	845957	Trenčín
1.1183	Baloň	800643	Dunajská Streda	0.0647	Petrova Lehota	845990	Trenčín
1.1153	Bodza	803359	Komárno	0.0647	Dlhá nad Kysucou	810908	Čadca
1.1123	Hoste	818607	Galanta	0.0647	Riečnica	852325	Čadca
1.1116	Malá Mača	835161	Galanta	0.0647	Zborov nad Bystricou	872903	Čadca
1.1076	Matúškovo	836451	Galanta	0.0647	Medzi-hradné	812463	Dolný Kubín
1.1073	Dolná Streda	811777	Galanta	0.0647	Osádka	844438	Dolný Kubín
1.1063	Horný Bar	818356	Dunajská Streda	0.0647	Lodno	832987	Kysucké Nové Mesto
1.1063	Šulany	818364	Dunajská Streda	0.0647	Liptovská Mara	832499	Liptovský Mikuláš
1.1063	Bodíky	818330	Dunajská Streda	0.0647	Oravská Lesná	844110	Náme-stovo
1.1056	Brakoň	814636	Galanta	0.0647	Brieštie	806935	Turčianske Teplice
1,1056	Gáň	814644	Galanta	0,0647	Dolný Turček	865826	Turčianske Teplice

Source: own processing according to Annex 1 to Act No. 582/2004 Coll., as amended.

In addition to cadastral areas with a minimum arable land value of EUR 0.0647/ m2, listed in Table 3, another are Osada (Tvrdošín District), Divinka, Horná Tižina, Hričovské Podhradie, Peklina (Žilina District), Malchov, Pohronský Bukovec, Povrazník, Špania Dolina (Banská Bystrica District), Mýto pod Ďumbierom, Valkovňa (Brezno District), Prihradzany (Revúca District), Poproč, Ratkovská Zdychava (Rimavská Sobota District), Kremnica, Kremnické Bane, Nevoľné (Žiar nad Hronom District), Kríže (Bardejov District), Zálesie v Zamagurí (Kežmarok District), Doľany na Spiši, Lúčka pri Jablonove (Levoča District), Starý Smokovec, Tatranská Javorina (Poprad District), Renčišov (Sabinov District), Jalová, Parihuzovce (Snina District), Hraničné (Stará Lubovňa District), Henclová (Gelnica District), Štós (Košice-okolie District), Čučma (Rožňava District), Mlynky, Rudňany (Spišská Nová Ves District).

The value of permanent grassland ranges between EUR 0.0166 and EUR 0.294/ m2.

The values of the land of gardens, built-up areas, courtyards, other areas and building lands, depending on the population, are shown in Table 4,.

The basis of the building tax is the built-up area in m2. The annual tax rate is EUR 0.033/m2. The tax administrator can increase the tax rate to a maximum of 10 times the lowest annual tax on buildings. For multi-storey buildings, the tax administrator can determine the so-called floor surcharge at the maximum of EUR 0.33 for each above-ground floor, except for the first floor.

Table 4: Values of the land of gardens, built-up areas and courtyards, other areas and building lands by the population of the SR

Municipality with population (as of January 1st)	**Gardens, built-up areas and courtyards, other areas**	**Building lands**
up to 10 000	1.32	13.27
from 1001 to 6 000	1.85	18.58
from 6 001 to 10 000	2.12	21.24
from 10 001 to 25 000	2.65	26.55
over 25 000	3.31	33.19
municipalities, which are the seat of the district	4.64	46.47
municipalities, which are the seat of the region	5.31	53.11
Bratislava	5.97	59.74

Source: own processing according to Annex 2 to Act No. 582/2004 Coll., as amended.

The basis of the tax on apartment is the floor area of the apartment or non-residential area in m2. The annual tax rate is EUR 0.033/m2. The tax administrator can raise the tax rate to a maximum of 10 times the lowest annual tax rate for apartments.

2.2 Construction of real estate tax in the Czech Republic

In the case of the land tax in the Czech Republic, the land within the subject to tax is divided according to Act No. 338/1992 Coll. on Real Estate Tax, as follows (in brackets are the tax rates):

- arable land, hop gardens, vineyards, gardens, orchards (Sd = 0.75%);
- permanent grassland, forests and ponds with intensive and industrial fish farming (Sd = 0.25%);
- paved areas used for business or in connection with it used for primary agricultural production, forestry and water management (Sd = CZK 1.00/ m2) and for industry, construction, transport, energy, other agricultural production and other types of business (Sd = CZK 5/m2);
- building land (Sd = CZK 2/m2);
- other areas (Sd = CZK 0.20/m2);
- built-up areas and courtyards (Sd = CZK 0.20/m2)

with assigned average basic prices of agricultural land, as amended.

The tax base for arable land, vineyards, hop gardens, gardens, orchards and permanent grassland is the price of land determined by multiplying the actual land area in m2 and the average land price per m2 set in Annex No. 5 to the valuation decree No. 441/2013 Coll., List of cadastral territories with assigned average basic prices of agricultural land. Table 5 shows the maximum and minimum values of agricultural lands by cadastral areas of the Czech Republic.

The tax base for farm forests and ponds with intensive and industrial fish farming is the product of the actual land area in m2 and the amount of CZK 3.80. The tax base for other lands is the actual land area as of January 1st.
The tax base for buildings is the built-up area in m2. The tax base for apartments (units) is the floor area in m2, multiplied by the coefficient of 1.20 or 1.22 (closer specification in the cited act).

Basic tax rates for buildings are shown in Tab. 7. Basic tax rates for residential houses and apartments (units) are multiplied by the coefficient according to the number of inhabitants (1.0 to 5.0); whereas for most buildings the rate is increased by CZK 0.75/m2 for each above-ground floor.

The municipality has the power to increase the tax rate for housing construction by one category or to reduce the basic tax rate by 1 to 3 categories,

for individual recreation buildings, for garages and business buildings to increase by a coefficient of 1.5, for buildings for recreation using a coefficient of 2.0 in the case of the location of a building in a national park or in zone I. in a protected landscape area.

Table 5: Maximum and minimum values of agricultural lands by cadastral areas of the Czech Republic

Maximum value (EUR/ m2)	Cadastral Area	CA Code	District	Minimum Value (EUR/ m2)	Cadastral Area	CA Code	District
19.04	Třebčín	769363	Olomouc	1.16	Suchý Dvůr v Krkonoších	643513	Trutnov
19.02	Lípy	684848	Olomouc	1.16	Hluboká u Liberce	631094	Liberec
18.93	Lutín	689122	Olomouc	1.16	Novina u Liberce	675482	Liberec
18.83	Ústín	775428	Olomouc	1.16	Kryštofovo údolí	675474	Liberec
18.83	Břuchotín	675628	Olomouc	1.18	Vykmanov u Měděnce	692565	Chomutov
18.82	Nedvězí	702358	Olomouc	1.18	Sklenářovice	696811	Trutnov
18.78	Vojnice	784583	Olomouc	1.19	Vernířovice	794252	Šumperk
18.77	Filipov	618497	Kutná Hora	1.19	Údolí u Lokte	686531	Sokolov
18.74	Horky	726401	Kutná hora	1.20	Labská	763012	Trutnov
18.69	Bystročice	616672	Olomouc	1.20	Horní Dušnice	642878	Semily
18.59	Vitonice na Hané	672467	Olomouc	1.21	Hartmanice II	798991	Klatovy
18.58	Dlouhé Dvory	626627	Hradec Králové	1.21	Prkenný Důl	794228	Trutnov
18.56	Kozojídky u Vinar	782165	Hradec Králové	1.21	Dolní Kochánov	719960	Klatovy
18.55	Krasice	733695	Olomouc	1.22	Hluboké u Dalečína	624471	Žďár nad Sázavou
18.49	Němčice u Holešova	703036	Olomouc	1.22	Kochánov	637327	Klatovy

Source: own processing according to Annex No. 5 of Decree No. 411/2013 Coll., List of cadastral territories with assigned average basic prices of agricultural land, as amended.

Table 6: The current land tax rates in the Czech Republic (as of January 1st, 2019).

Type of land	Tax rate
arable land, hop gardens, vineyards, gardens, orchards	0.75 %
permanent grassland, farm forests and fish ponds	0.25 %
paved areas used for business or in connection with business for primary agricultural production, forestry and water management	1.00 Kč/m2
paved areas used for industry, construction, transport, energy, other agricultural production and other types of business	5.00 Kč/m2
building land	2.00 Kč/m2
other areas	0.20 Kč/m2
built-up areas and courtyards	0.20 Kč/m2

Source: Act of the Czech National Council No. 338/1992 Coll., on Real Estate Tax, as amended.

Table 7: The current building tax rates in the Czech Republic (as of January 1st, 2019).

Type of building	Tax rate
building of a residential house including accessories	2.00 Kč/m2
buildings for family recreation	6.00 Kč/m2
	1.00 Kč/m2
garages built separately from houses	8.00 Kč/m2
buildings for business in primary agricultural production, forestry or water management	2.00 Kč/m2
buildings for business in industry, construction, transportation, energy or other agricultural production and in other types of business	10 Kč/m2
other buildings	6 Kč/m2
apartments (units)	2.00 Kč/m2

Source: Act of the Czech National Council No. 338/1992 Coll., on Real Estate Tax, as amended.

Municipalities in the Czech Republic have important powers, because they can multiply taxes for all types of real estate in order to increase the real estate tax by a factor of 2, 3, 4 or 5.

2.3 The rate of utilization of municipal legal powers to increase real estate tax collection

In the Slovak Republic, municipalities use the possibility to increase the annual rates of tax on land and buildings frequently. The monitored group consisted of municipalities from 261 to 2255 inhabitants. Tab. 8 shows the comparison of the basic statutory rates of the tax on land, buildings and apartments with the level achieved in the monitored municipalities in the Slovak Republic in 2018. The author also has data on these tax rates for the reference period 2014 to 2018, which show (in roughly one third of municipalities) increase in tax rates, especially since 2016 (not mentioned in this text with respect to the scope of the paper).

The tax rates for arable land, vineyards, hop gardens and orchards may not exceed 5 times the statutory basic tax rates. Only one municipality (Zborov nad Bystricou, Čadca District, Žilina Region) does not use the increase of the statutory tax rate, for all types of land. On the other hand, only one municipality (Mýto pod Ďumbierom, Brezno District, Banská Bystrica Region) used the full increase to 5 times the basic tax rate. On average, for the group as a whole, municipalities in this category of land increased the tax rate to 220% of the statutory tax rate, roughly to 2-fold.

Table 8: Comparison of basic statutory rates of the tax on land, buildings and apartments with the level achieved in the monitored municipalities in the Slovak Republic in 2018

Type of land, building	**Basic statutory tax rate**	**The average tax rate for a group as a whole**	**The range of tax rates achieved**
arable land, vineyards, hop gardens, orchards	0.25 %	0.55 %	0.27 – 1.25 %
gardens	0.25 %	0.59 %	0.25 – 1.10 %
forest land and ponds	0.25 %	0.60 %	0.25 –2.50 %
building land	0.25 %	0.81 %	0.25 – 2.00 %
housing construction	0.033 EUR/m2	0.11 EUR/m2	0.033 – 0.40 EUR/m2
cottages and recreational buildings	0.033 EUR/m2	0.48 EUR/m2	0.07 – 1.00 EUR/m2
garages	0.033 EUR/m2	0.31 EUR/m2	0.10 – 0.663 EUR/m2
buildings for business	0.033 EUR/m2	1.10 EUR/m2	0.40 – 1.66 EUR/m2
apartments	0.033 EUR/m2	0.12 EUR/m2	0.04 – 0.346 EUR/m2

Source: own processing based on data provided by municipalities and relevant provisions of Act No. 582/2004 Coll., on Local Taxes and Local Fee for

Municipal Waste and Minor Construction Waste

The tax rates for gardens may also not exceed 5 times the statutory basic tax rates. On average, for a group as a whole, municipalities increased the tax rate to 236% of the statutory tax rate, i.e. more than 2 times the statutory tax rate. None of the municipalities used the maximum tax rate increase in this category.

The tax rates for forest land and ponds may not exceed 10 times the statutory base rate. Only one municipality (Mýto pod Ďumbierom, Brezno District, Banská Bystrica Region) used the full increase to 10 times the basic statutory tax rate. On average, for the group as a whole, the increase was 2.4 times the legal base tax rate.

Building land tax rates may not exceed 5 times the statutory tax base rates. On average, for the group as a whole, municipalities increased the tax rate to 0.81%, i.e. to 3.24 times the legal base rate.

The tax rates for housing construction should not exceed 10 times the lowest annual building tax rate. On average, for the group as a whole, municipalities increased the tax rate to 0.81%, i.e. to 3.24 times the legal base rate. On average, for the group as a whole, the tax rate was EUR 0.11/ m2, i.e. 3.3 times the base tax rate. The highest tax rate in the monitored set of municipalities for housing construction in the amount of 0.40% is reported by the municipality Lopašov, Skalica District, Trnava Region.

Tax rates for cottages and buildings for individual recreation are a popular type of buildings for municipalities in terms of increasing tax rates. The tax rates for this category may not exceed 10 times the lowest annual tax rate. On average, for the group as a whole, municipalities increased the tax rate to EUR 0.48 / m2, i.e. by 14.5 times, in the village of Trstín, Trnava District, Trnava Region even 30 times, i.e. EUR 1/m2.

The tax rates for garages may not exceed 10 times the lowest annual building tax rate. On average, for the group of municipalities as a whole, they reached 0.31 EUR/ m2, which is 9.4 times the statutory tax rate.

Tax rates for buildings for business must not exceed 10 times the lowest annual building tax rate. On average, for a group of municipalities as a whole, they reached 1.10 EUR/m2, which is 33.3 times the statutory tax rate.

The tax rates for apartments amounted to EUR 0.12/ m2, which is 3.6 times the basic statutory tax rate. The highest level of this tax rate in the amount of EUR 0.346/m2 is set by the municipality Kláštor pod Znievom, Martin District, Žilina Region.

It it obvious that tax administrators in the Slovak Republic focus decisively on raising tax rates for cottages, individual recreation buildings and business buildings.

The situation in the Czech Republic is completely different. Of the

whole set of municipalities, the local coefficient 2 is used only by Mikulášovice, Děčín District, Ústí Region, and by Bedřichov, Jablonec nad Nisou District, Liberec Region. Further coefficients of 3, 4 and 5 were not applied by any of the monitored municipalities in the Czech Republic. Even using this coefficient, the share from real estate tax in the total income of the municipality is 5.5% (Mikulášovice) and 7.7% (Bedřichov) on average over the monitored period.

2.4 Determinants and factors affecting the total level of municipal revenue and the financial independence of municipalities

In examining the issues of fiscal decentralization of municipalities and the structure of the municipality's income, both in terms of static and dynamic, we found that the overall revenue level of the municipality is influenced primarily by:

- real estate tax structure (land tax, building tax and tax on apartments);
- cadastre area in ha;
- population;
- tax rates for individual types of land, buildings and apartments;
- other local tax burden (especially taxes on accommodation, dog taxes, taxes on the use of public space, taxes on vending machines, taxes on non-winning gaming machines, taxes on entry and stay of a motor vehicle in the historic city, local municipal tax waste, local development fee);
- the amount of the share tax from the national gross revenue;
- classification of the municipality into the size category;
- altitude of the municipality;
- number of school pupils;
- number of pensioners;
- economic growth determining the tax collection volume at the national level;
- phase of the business cycle;
- political decisions;
- availability and usability of natural resources;
- landscape dislocation of the municipality;
- revenue from business and ownership;
- the amount of administrative fees;
- revenue from the sale of land, buildings and apartments;
- the amount of subsidies in the form of grants and transfers, or other determinants.

It is clear that some determinants have had a significant impact on the level of income, but many of them have been negligible. That is why we focused

primarily on exploring the structure of municipal revenue in municipalities in Slovakia and in the Czech Republic, which have the highest level of total income in EUR/inhabitant. For the group of municipalities in the Czech Republic, we applied the EUR/CZK exchange rate of 25.725, valid at the end of the period under review (i.e., 31.12.2018) for a qualified comparison.

Table 9: Dynamics of monitored indicators of the municipality of Mýto pod Ďumbierom from 2014 to 2018 (indicators 1 – 10 in EUR)

No.	**Indicator/ year**	**2014**	**2015**	**2016**	**2017**	**2018**	**x̄1**
1	DN	38 723	38 805	52 221	43 602	52 362	45 143
2	OMDP	25 213	20 452	23 873	29 262	36 758	27 112
3	VDPP (1+2)	63 936	59 257	76 094	72 864	89 120	72 255
4	PD	111 904	130 226	139 374	153 416	171 250	141 234
5	DP (3+4)	175 840	189 483	215 468	226 280	260 370	213 488
6	NVP	563 184	175 167	40 652	51 759	79 703	182 093
7	KVP	327 853	57 480	27 301	668 103	59 422	228 032
8	VP (3+6+7)	954 973	291 904	144 047	792 726	228 245	482 380
9	PGT	17 377	11 017	24 407	456 870	21 340	106 202
10	CP (4+8+9)	1 084 254	433 147	307 828	1 403 012	420 835	729 816
11	PO	506	512	511	505	515	510
12	A (1:3) %	60.6	65.5	68.6	59.8	58.8	62.7
13	B (1:5) %	22.0	20.5	24.2	19.3	20.1	21.2
14	C (3:5) %	36.4	31.3	35.3	32.2	34.2	33.9
15	D (1:10) %	3.6	9.0	17.0	3.1	12.4	9.0
16	E (8:10) %	88.1	67.4	46.8	56.5	54.2	62.6
17	F (1:11) EUR/inhab.	76.53	75.79	102.19	86.34	101.67	88.50
18	G (4:11) EUR/inhab.	221.15	254.35	272.75	303.79	332.52	276.92
19	H (8:11) EUR/ inhab.	1 887.30	570.12	281.89	1 569.75	443.19	950.45
20	I (10:11) EUR/inhab.	2 142.79	845.99	602.40	2 778.24	817.16	1 437.32

Source: own calculations based on the database provided by the municipality.

Legend:
DN- real estate tax;
OMDP – other local taxes and fees;
VDPP – own tax and fee revenue;

PD – share taxes from national gross revenue;
DP – total tax revenue;
NVP – non-tax own revenue (e.g. revenue from business and ownership, administrative fees);
KVP – own capital revenue (e.g. revenue from the sale of land, buildings and apartments);
PGT –grants and transfers received;
VP – total own revenue;
CP – total revenue;
PO – population;
$\bar{x}1$ - simple arithmetic average from 2014 to 2018.

Among municipalities in the Slovak Republic, the highest level of total income in EUR per capita reached Mýto pod Ďumbierom, Brezno District, Banská Bystrica Region (1437.32), Trstín, Trnava District, Trnava Region (1063.44) and Turčianske Jaseno, Martin District, Žilina Region (713,93), with an average level per group as a whole EUR 610,12/inhabitant. Among municipalities in the Czech Republic, the municipalities of Pasohlávky (2196.18), Karlova Studánka (3162.31) and Strážné (1731.49) with an average level per group of municipalities in the Czech Republic amounted to EUR 1044.00/inhabitant.

On the example of the above mentioned municipalities, we will analyze the quantification of the determinants, which in these municipalities formed a relatively high level of total municipal income per capita. With regard to the irregularity of some incomes (e.g. non-tax and capital revenue, grants and transfers received), we will take into account particularly the average level of indicators over the whole period under review.
We will divide total revenue into subsections as follows:
CP = DN + OMDP + PD + NVP + KVP + PGT,
in absolute (EUR) and in relative terms (%). In this way we find out which determinants and factors, or structural items significantly influence the level of the municipality's total revenue.

The data in Tab. 9 shows that the real estate tax in the municipality of Mýto pod Ďumbierom represents only 9.0% of the income structure, the volume of share tax (personal income tax) grows about 15% annually, which is the result of the growth of the national gross revenue from income tax, mainly due to wage growth and the performance of the national economy.

It should be emphasized that this phase of economic growth has a significant impact on the municipal budget revenue. In terms of self-financing or financial self-sufficiency, it should be pointed out that the municipality's own income accounts for an average of 62.6%, thus the municipality's self-financing rate is significantly the highest in the monitored set of municipalities, although

the real estate tax collection does not play any role in the current scope or structure, despite the municipality's efforts to use the statutory provisions to increase land and building tax rates and limit the impact of the lowest statutory value of land tax (e.g. EUR 0.0647/m2 for arable land).

The municipality of Mýto pod Ďumbierom is characterized by the fact that in addition to the high level of revenue from share tax and grants and transfers received as fundamental non-own revenue, it was able to secure its own revenue from business, ownership, rent and land sales throughout the period under review, therefore, its 62.6% rate of self-financing is extremely high within the sample, as it normally ranges from 14 to 50%.

Table 10: The structure of average income of the municipality of Mýto pod Ďumbierom from 2014 to 2018

Indicator	**CP**	**DN**	**OMDP**	**PD**	**NVP**	**KVP**	**PGT**
Absolutely (EUR)	729 816	45 143	27 112	141 234	182 093	228 032	106 202
Relatively (%)	100	6,2	3,7	19,4	25,0	31,2	14,6

Source: own calculations based on the database provided by the municipality.

The municipality of Trstín also has a low share from real estate tax collection in the total revenue of the municipality (6.3%). The municipality uses the legal possibility of increasing the price of land and buildings, while the decisive revenue from the collection of real estate tax is just from the collection of land tax (62.1%). The rate of self-financing of the municipality is 25.1%, which is roughly the average between the monitored municipalities. Although the municipality is one of the municipalities with the highest total per capita income, it is dependent on external sources. From the data in Tab. 12 it is evident that in addition to the share tax (29.4% in the revenue structure), decisive role play grants and transfers received (almost half of the total revenue). This is advantageous for the municipality from the economic point of view, but the overall situation in the area of receiving various subsidies from the state and from European Union funds generates significant income differences among municipalities in the Slovak Republic and, in terms of economic theories, significantly undermines not only the market environment but also the general public sector situation.

The municipality of Turčianske Jaseno is one of the municipalities where the collection of real estate tax does not stagnate but it is growing slightly. Of the total own tax and fee revenue, real estate tax accounts for 56.5% of total own tax and fee revenue, only 8.3% of tax revenue. From the data in Tab. 14 it is evident that the 4.0% share from real estate tax collection in the total revenue of the municipality is not a fundamental income for the municipality, even though the municipality uses increasing of the tax rate for land and buildings under the relevant law.

The decisive income for the municipality is the share tax (41.8% of the income structure), not only in terms of absolute amount but mainly in terms of dynamics, as the share tax increased by 63.7% over the period under review, i.e. approximately by 12.7% annually. The average of this indicator for the period from 2014 to 2018 was EUR 300.22/inhabitant.

Another significant income, which shifts quantitatively the amount of own and total revenue of the municipality, is the capital own revenue of the municipality, which represents 41.3% in the structure of the total average revenue of the municipality. Therefore, the indicator of self-financing, i.e. financial self-sufficiency, is 49.1% on average over the period under review. Grants and transfers received do not play a significant role in this, since they account for only 5.3% of total revenues.

It turns out that among the municipalities with the highest total per capita income in Slovakia, the common denominator is the low share from real estate tax in the overall revenue structure, then there are quite large differences in which type of income is dominant. Once it is a share tax, sometimes non-tax own revenue or own capital revenue, in another case grants and transfers received.

Table 11: Dynamics of monitored indicators of the municipality of Trstín from 2014 to 2018 (indicators 1 – 10 in EUR)

No.	**Indicator/ year**	**2014**	**2015**	**2016**	**2017**	**2018**	**$\bar{x}$1**
1	DN	86 212	87 815	71 052	110 454	100 707	91 248
2	OMDP	41 879	41 702	41 765	46 004	45 356	43 341
3	VDPP (1+2)	128 091	129 517	112 817	156 458	146 063	134 589
4	PD	346 948	369 749	424 501	467 893	537 531	429 324
5	DP (3+4)	475 039	499 266	537 318	624 351	683 594	563 913
6	NVP	68 117	75 224	81 714	90 253	99 388	82 939
7	KVP	121 663	104 930	345 999	51 423	116 678	148 139
8	VP (3+6+7)	317 871	309 671	540 530	298 134	362 129	365 661
9	PGT	722 142	599 513	551 599	740 419	690 911	660 917
10	CP (4+8+9)	1 386 961	1 278 933	1 516 630	1 506 446	1 590 571	1 455 908
11	PO	1 352	1 363	1 364	1 385	1 379	1 369
12	A (1:3) %	67.3	67.8	63.0	70.6	68.9	67.6
13	B (1:5) %	18.1	17.6	13.2	17.7	14.7	16.3
14	C (3:5) %	27.0	25.9	21.0	25.1	21.4	24.1
15	D (1:10) %	6.2	6.9	4.7	7.3	6.3	6.3
16	E (8:10) %	22.9	24.2	35.6	19.8	22.8	25.1

17	F (1:11) EUR/ inhab.	63.77	64.43	52.09	79.75	73.03	66.61
18	G (4:11) EUR/ inhab.	250.62	271.78	311.22	337.83	389.80	312.17
19	H (8:11) EUR/ inhab.	235.09	227.20	396.25	215.26	262.60	267.28
20	I (10:11) EUR/inhab.	1 025.86	938.32	1 111.90	1 087.69	1 153.42	1 063.44

Source: own calculations based on the database provided by the municipality.

Table 12: The structure of average income of the municipality of Trstín from 2014 to 2018

Indicator	**CP**	**DN**	**OMDP**	**PD**	**NVP**	**KVP**	**PGT**
Absolutely (EUR)	1 455 908	91 248	43 341	429 324	82 939	148 139	660 917
Relatively (%)	100	6,3	3,0	29,4	5,7	10,2	45,4

Source: own calculations based on the database provided by the municipality.

Table 13: The structure of average income of the municipality of Turčianske Jaseno from 2014 to 2018

Indicator	**CP**	**DN**	**OMDP**	**PD**	**NVP**	**KVP**	**PGT**
Absolutely (EUR)	280 202	11 063	8 518	117 120	12 954	115 672	14 874
Relatively (%)	100	4,0	3,0	41,8	4,6	41,3	5,3

Source: own calculations based on the database provided by the municipality.

Table 14: Dynamics of monitored indicators of the municipality of Turčianske Jaseno from 2014 to 2018 (indicators 1 – 10 in EUR)

No.	**Indicator/ year**	**2014**	**2015**	**2016**	**2017**	**2018**	**$\bar{x}$1**
1	DN	10 812	10 814	10 839	11 602	11 247	11 063
2	OMDP	7 973	7 690	8 446	9 211	9 271	8 518
3	VDPP (1+2)	18 785	18 504	19 285	20 813	20 518	19 581
4	PD	89 519	101 156	115 217	133 133	146 573	117 120
5	DP (3+4)	108 304	119 660	134 502	153 946	167 091	136 701
6	NVP	11 171	12 758	12 374	14 233	14 236	12 954
7	KVP	27 372	103 140	105 202	53 072	289 575	115 672
8	VP (3+6+7)	57 328	134 402	136 861	88 118	324 329	148 208
9	PGT	12 761	7 872	7 686	15 509	30 544	14 874
10	CP (4+8+9)	159 608	243 430	259 764	236 760	501 446	280 202
11	PO	368	377	3836	402	410	388
12	A (1:3) %	57.6	58.4	56.2	55.7	54.8	56.5

13	B (1:5) %	10.0	9.0	8.1	7.5	6.7	8.3
14	C (3:5) %	17.3	15.5	14.3	13.5	12.3	14.6
15	D (1:10) %	6.8	4.4	4.2	4.9	2.2	4.5
16	E (8:10) %	35.9	55.2	52.7	37.2	64.7	49.1
17	F (1:11) EUR/inhab.	29.38	28.68	28.30	28.86	27.43	28.53
18	G (4:11) EUR/inhab.	243.26	268.32	300.83	331.18	357.50	300.22
19	H (8:11) EUR/inhab.	155.78	356.50	357.34	219.20	791.05	375.97
20	I (10:11) EUR/inhab.	433.72	645.70	678.23	588.96	1223.04	713.93

Source: own calculations based on the database provided by the municipality.

Within the monitored set of municipalities in the Czech Republic, the highest level of total income in EUR per capita was reported in Pasohlávky, Brno-Country District, South Moravian Region (2 196.18), Karlova Studánka (Bruntál District, Moravian-Silesian Region (3,162.31) and Strážné, Trutnov District, Hradec Králové Region (1,731.47). Some municipalities reported the number of inhabitants only for the year 2018.

Table 15: Dynamics of monitored indicators of the municipality of Pasohlávky from 2014 to 2018 (indicators 1 – 10 in EUR)

No.	**Indicator/ year**	**2014**	**2015**	**2016**	**2017**	**2018**	**$\bar{x}$1**
1	DN	52 762	53 994	68 727	72 108	72 109	63940
2	OMDP	225 384	261 769	186 861	276 968	253 916	240 980
3	VDPP (1+2)	278 146	315 763	255 588	349 076	326 025	304 920
4	PD	250 340	274 091	284 004	311 409	355 258	295 020
5	DP (3+4)	528 486	589 854	539 592	660 485	681 283	599 940
6	NVP	663 946	516 074	774 266	861 302	917 707	746 659
7	KVP	259 397	316 463	182 507	31 642	35 646	165 131
8	VP (3+6+7)	1 201 489	1 148 300	1 212 361	1 242 020	1 279 378	1 216 710
9	PGT	112 420	182 935	127114	23 440	25 384	94 259
10	CP (4+8+9)	1 564 249	1 605 326	1 623 479	1 576 869	1 660 020	1 605 989
11	PO	722	727	733	731	743	731
12	A (1:3) %	19.0	17.1	26.9	20.7	22.1	21.2
13	B (1:5) %	10.0	9.2	12.7	10.9	10.6	10.7
14	C (3:5) %	52.6	53.5	47.4	52.9	47.9	50.9

15	D (1:10) %	3.4	3.4	4.2	4.6	4.3	4.0
16	E (8:10) %	76.8	71.5	74.7	78.8	77.1	75.8
17	F (1:11) EUR/inhab.	73.08	74.27	93.76	98.64	97.05	87.36
18	G (4:11) EUR/inhab.	346.73	377.02	387.45	426.00	478.14	403.07
19	H (8:11) EUR/inhab.	1 644.11	1 579.50	1 653.97	1 699.07	1 721.91	1659.71
20	I (10:11) EUR/inhab.	2 166.55	2 208.15	2 214.84	2 157.14	2 234.21	2 196.18

Source: own calculations based on the database provided by the municipality.

Table 16: Dynamics of monitored indicators of the municipality of Karlova Studánka from 2014 to 2018 (indicators 1 – 10 in EUR)

No.	**Indicator/ year**	**2014**	**2015**	**2016**	**2017**	**2018**	**$\bar{x}$1**
1	DN	4 120	4 431	3 499	3 421	3 537	3 802
2	OMDP	54 344	69 621	64 062	65 462	77 668	66 231
3	VDPP (1+2)	58 464	74 052	67 561	68 883	81 205	70 033
4	PD	94 189	94 461	93 800	95 899	104 762	96 622
5	DP (3+4)	152 653	168 513	161 361	164 782	185 967	166 655
6	NVP	240 233	236 735	240 272	270 243	321 516	261 800
7	KVP	0	0	0	1 944	0	389
8	VP (3+6+7)	298 697	310 787	307 833	341 070	402 721	332 222
9	PGT	187 872	128 902	147 211	179 670	153 081	159 347
10	CP (4+8+9)	580 758	534 150	548 844	616 639	660 564	588 191
11	PO					186	
12	A (1:3) %	7.0	6.0	5.2	5.0	4.4	5.5
13	B (1:5) %	2.7	2.6	2.2	2.1	1.9	2.3
14	C (3:5) %	38.3	43.9	41.9	41.8	43.7	41.9
15	D (1:10) %	0.7	0.8	0.6	0.6	0.5	0.6
16	E (8:10) %	51.4	58.2	56.1	55.3	61.0	56.4
17	F (1:11) EUR/inhab.	22.15	23.82	18.81	18.39	19.02	20.44
18	G (4:11) EUR/inhab.	506.39	507.85	504.30	515.59	563.24	519.47
19	H (8:11) EUR/inhab.	1 605.90	1 670.90	1 655.02	1 833.71	2 165.17	1 786.14
20	I (10:11) EUR/inhab.	3 122.35	2 871. 77	2 950.77	3 315.26	3 551.42	3 162.31

Source: own calculations based on the database provided by the municipality.

Typical for the municipality of Pasohlávky (Tab. 15) is that the share from real estate tax in tax revenue is 10.7%, only 4.0% in the total revenue of the municipality, even though for example the average price of land is CZK 11.62/m2. The self-financing rate was 75.8% and it is one of the highest among the monitored municipalities, which positively influences the financial self-sufficiency of the municipality. Within the structure of the municipality's total revenue (Tab. 18), non-tax own revenue (revenue from business, ownership, leases, etc.) plays a decisive role. The share taxes (18.4%) are also a significant income.

Table 17: Dynamics of monitored indicators of the municipality of Strážné from 2014 to 2018
(indicators 1 – 10 in EUR)

No.	Indicator/ year	2014	2015	2016	2017	2018	$\bar{x}1$
1	DN	22 857	23 790	26 278	23 984	23 324	24 047
2	OMDP	128 513	80 855	56 910	92 439	54 733	82 691
3	VDPP (1+2)	151 370	104 645	83 188	116 423	78 057	106 737
4	PD	95 899	101 147	122 643	125 520	141 691	117 380
5	DP (3+4)	247 269	205 792	205 831	241 943	219 748	224 117
6	NVP	51 040	47 502	51 429	44 548	41 283	47 161
7	KVP	161 050	1 127	4 198	8 241	9 446	36 813
8	VP (3+6+7)	363 460	153 274	138 815	169 212	128 786	190 709
9	PGT	43 032	5 909	35 646	78 717	183 557	69 373
10	CP (4+8+9)	502 411	260 330	297 104	373 449	454 034	377 462
11	PO					218	
12	A (1:3) %	15.1	22.7	31.6	20.6	29.9	24.0
13	B (1:5) %	9.2	11.6	12.8	9.9	10.6	10.8
14	C (3:5) %	61.2	50.9	40.4	48.1	35.5	47.2
15	D (1:10) %	4.5	9.1	8.8	6.4	5.1	6.8
16	E (8:10) %	72.3	58.9	46.7	45.3	28.4	50.3
17	F (1:11) EUR/inhab.	104.85	109.13	120.54	110.02	106.99	110.31
18	G (4:11) EUR/inhab.	439.90	463.98	562.58	575.78	649.96	538.44
19	H (8:11) EUR/inhab.	1 667.25	703.09	636.77	776.20	590.76	874.81
20	I (10:11) EUR/inhab.	2 304.55	1 194.17	1 362.86	1 713.07	2 082.72	1 731.47

Source: own calculations based on the database provided by the municipality.

According to the number of inhabitants (186), the municipality of Karlova Studánka is one of the smallest municipalities in the monitored set of municipalities, with an average total income of EUR 3162.31 per capita (Tab. 16). The share from property tax in total revenue was only 0.6%. The financial self-sufficiency reached an average level of 56.2%, which is de facto above standard. In the structure of total revenue, decisive is non-tax own revenue (revenue from business, ownership and leases). The share taxes (16.4%) and other local taxes and fees (11.3%) also play an important role.

Table 18: The structure of average income of the municipality of Pasohlávky from 2014 to 2018

Indicator	CP	DN	OMDP	PD	NVP	KVP	PGT
Absolutely (EUR)	1 605 989	63 940	240 980	295 020	746 659	165 131	94 259
Relatively (%)	100.0	4.0	15.0	18.4	46.5	10.3	5.8

Source: own calculations based on the database provided by the municipality.

Table 19: The structure of average income of the municipality of Karlova Studánka from 2014 to 2018

Indicator	CP	DN	OMDP	PD	NVP	KVP	PGT
Absolutely (EUR)	588 191	3 802	66 231	96 622	261 800	389	159 347
Relatively (%)	100.0	0.6	11.3	16.4	44.5	0.1	27.1

Source: own calculations based on the database provided by the municipality.

Table 20: The structure of average income of the municipality of Strážné from 2014 to 2018

Indicator	CP	DN	OMDP	PD	NVP	KVP	PGT
Absolutely (EUR)	377 465	24 047	82 691	117 380	47 161	36 813	69 373
Relatively (%)	100	6.4	21.9	31.1	12.5	9.7	18.4

Source: own calculations based on the database provided by the municipality.

The municipality of Strážné belongs also to the group of relatively smaller municipalities (218 inhabitants), but reaches a high level of total per capita income (EUR 1731.49), as shown in the Tab. 17. The rate of self-financing is 49.6%, which is one of the highest among the monitored municipalities. The share from real estate tax on total revenues of 6.8% illustrates the role of real estate tax in the financial self-sufficiency of municipalities. The decisive income of the municipality is the share tax (31.1%), although other local taxes, especially fees (21.9%), received grants and transfers (18.34%), have a significant share in the overall income structure of the municipality (Tab. 20), and non-tax own revenue (from business, ownership, rent) is also significant. In this municipality,

the overall income structure, with the exception of real estate tax, is relatively balanced.

Table 21 shows the dynamics of the share tax collection with the quantification of the base index. It is evident that the share tax collection in the monitored time frame has been growing significantly, in Slovakia faster than in the Czech Republic. As already mentioned, this fact is directly related to the current phase of the economic cycle, when the economy of both countries has been showing solid growth for several years. All municipalities of the monitored group are obviously dependent on income in the form of a share tax, which dominates the structure of total income for the most of the monitored municipalities.

However, in this context, it should be pointed out that reducing of the growth rate or decreasing the gross national product, with which the lower tax collection is usually related, will result in decreasing of the income from share taxes, which depend on the national gross tax revenue and the funds available to municipalities will be reduced.

Table 21: Dynamics of share tax collection indicator in EUR/inhabitant and in % (basic index) in municipalities Mýto pod Ďumbierom (MD), Trstín (TR), Turčianské Jaseno (TJ), Pasohlávky (PA), Karlova Studánka (KS) and Strážné (ST) from 2014 to 2018

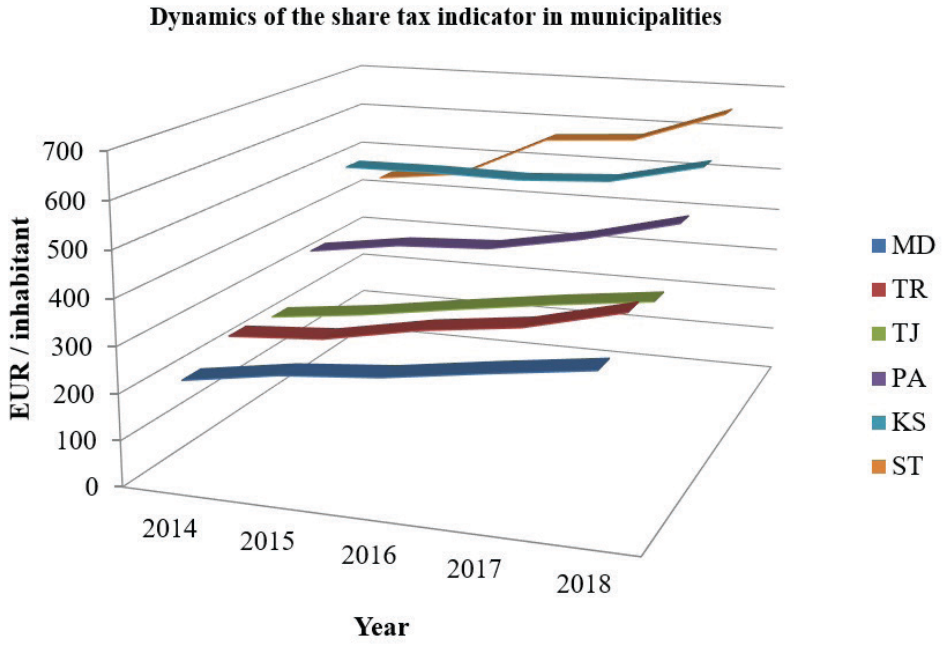
Municipality/year	**2014**	**2015**	**2016**	**2017**	**2018**
Mýto pod Ďumbierom (SR)	221.15	254.35	272.75	303.79	332.52
	100.0	115.0	123.3	137.4	150.4
Trstín (SR)	256.62	271.28	311.22	337.83	389.80
	100.0	108.2	121.3	131.6	151.9
Turčianske Jaseno (SR)	243.26	268.32	300.83	331.18	357.50
	100.0	110.3	123.7	136.1	147.0
Pasohlávky (ČR)	346.73	377.02	387.45	426.00	478.14
	100.0	108.7	111.7	122.9	137.9
Karlova Studánka	506.39	507.85	504.30	515.59	563.24
	100.0	100.3	99.6	101.8	111.2
Strážné	439.90	463.98	562.58	575.78	649.96
	100.0	105.5	127.8	130.9	147.8

Source: own calculations based on the database provided by municipalities.

Dynamics of the share tax in municipalities with the highest total per capita income in the Slovak Republic and in the Czech Republic, i.e. with the highest available financial means intended for the fulfillment of their functions within the system of self-government and the transferred level of state administration, are shown in Graph 1. It is clear from the graph that the share taxes grow in all

the graphs of the above mentioned municipalities. This fact can be generalized, as similar tendencies were also manifested in other examined municipalities in the Czech Republic and in the Slovak Republic.

Graph 1: Dynamics of the share tax (EUR/inhabitant) in the monitored municipalities in the period from 2014 to 2018 (explication of abbreviations in Tab. 20)



Source: Own calculations based on the database provided by municipalities

CONCLUSION AND DISCUSSION

The paper analyzes and synthesizes the findings resulting from the monitoring of indicators expressing the structure of municipal revenue and the current state of fiscal decentralization at the municipal level in the conditions of the Slovak and the Czech Republic. It is an issue which, in my opinion, is very topical and needs to be constantly monitored. Fiscal decentralization is currently becoming a typical trend in the world, de facto since the 1980s. Fiscal decentralization is also supported by transnational institutions, such as the UN, OECD and the World Bank, the European Union, to promote public sector transparency and help economic and social development. Decentralization tendencies are becoming more intense with the growth of the country's economic level. Tanzi (2001) states that decentralization tendencies stem from the democratization of society itself and also from globalization, decentralization

is sometimes considered to be a "superior good". Fiscal decisions taken in the municipality can respond better to citizens' preferences than at the central government level.

In my opinion, the depth of fiscal decentralization should take into account the size of the country (in terms of the size of the area and population), as large state units (e.g. France, Germany, Great Britain and others) should have, unlike the Slovak and the Czech Republic, substantially deeper decentralization. An important role in this respect is played by the perception and introduction into the social practice and thinking of politicians and citizens, the approach to the level of fulfillment of the principle of solvency, which is consistently applied in the tax systems of developed countries, not in the Slovak and in the Czech Republic.

Municipalities in these countries would need to increase their financial self-sufficiency, but there are no fragments through which the necessary dynamics can be achieved. In fact, real estate tax accounts for up to 10% of the total municipal income, and the use of statutory options to increase the collection of this tax, even to the maximum possible level, will not cause a significant increase in the real estate tax share in the municipality's total income or a significant shift in the financial self-sufficiency of the municipality. Individuals are taxed at the carrying capacity limit (especially as consumers of the highest value-added tax in particular on food and other vital needs within the European Union) and do not have the ability to face the increasing tax burden on property taxes. Therefore, all efforts to increase tax collection should be directed to legal entities whose taxation is very low in international comparison.

Municipalities in Slovakia and in the Czech Republic, which have dislocation landscape advantages (extraction of raw materials, spas, sports facilities, lucrative tourist centers, etc.) generally have higher total per capita incomes, especially in the form of non-tax own revenue from business, ownership and rentals, but also significant fee revenue and revenue from other local taxes.

Grants and transfers received also play an increasingly important role, but they generate significant variability in revenue decentralization. It makes assessing of fiscal decentralization difficult and affects the behavior of the beneficiary. Differences in income in the form of grants and transfers are more significant than differences in revenue from share taxes.

In this study, we wanted to focus, among other important facts, on the detection of determinants which affect the overall revenue of municipalities. We found that in the case of municipalities with the highest level of total per capita income, these municipalities have a high degree of financial self-sufficiency stemming mainly from the above-standard level of non-own tax revenues in the form of property income, rentals and business exceeding the volume of collected

share taxes. Grants and transfers received as well as other local taxes and fees are also a significant income for some of these municipalities.

In municipalities with the average level of total per capita income, their structured portfolio is determined by grants and transfers received, as well as share taxes. In municipalities included in the group of municipalities with lower total per capita income, the share tax is decisive. The results of the analytical-synthetic study show that in the set of municipalities of the Slovak Republic (a set of municipalities with the population of 261 to 2255) and the Czech Republic (municipalities with the population of 176 to 2189) was also analyzed the context of formation of the real estate tax collection in detail. The value of arable land, vineyards, hop gardens and orchards in Slovakia ranges from EUR 0.0647 to EUR 1.1674/m2. The maximum value is thus 18 times the minimum value. Property tax administrators use a relatively high increase in tax rates not only for land, but also for buildings. Despite this, real estate tax does not play an important role in the overall revenue structure. In the Czech Republic, agricultural land values range from CZK 1.16/m2 to CZK 19.04/m2. The maximum value is 16 times the minimum value. There is no significant difference between the Slovak Republic and the Czech Republic. A significant difference lies in the fact that municipalities in the Czech Republic do not use the so-called local coefficients to increase real estate tax; only 2.5% of municipalities use them.

Despite all these facts, the share from real estate tax in the total revenue structure is relatively low. However, the tax burden related to this tax can no longer be substantially increased. As already mentioned above, it is prevented by the principle of the solvency of the population, which is a concept generally accepted in both theory and practice at the global level. In Slovakia, similarly to other transition economies, due to the low level of wages and pensions forming the payment capacity of the population, it is not possible to further increase taxes imposed on real estate and thus reduce available resources of the population. The only way to possibly increase the revenue side of municipal budgets is to allocate in favour of municipalities in Slovakia a share in nationwide corporate income tax revenues or value added tax revenues as part of tax distribution. This is because businesses routinely use publicly funded municipal infrastructure (local communications, lighting, utilities, etc.) for their business activities without bringing any significant financial benefits for the specific municipality.

According to Jílek (2008), fiscal decentralization is a key component of decentralization. The distribution of finances between different levels of government should be characterized by transparency in the allocation of funds, predictability of their size for decentralized levels of government and some autonomy of decentralized levels of government in obtaining and using financial resources. In my opinion, it is a kind of memento for further development of fiscal

decentralization and strengthening of financial self-sufficiency of municipalities in the Slovak Republic and in the Czech Republic.

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RENÁTA BZDÍLOVÁ, GABRIEL EŠTOK, JAKUB BARDOVIČ : ELECTIONS AND ELECTORAL ISSUES IN EU STATES

Pavol Šafarik University in Košice, Košice, 2018, 238 p.

The topic of elections and electoral systems is one of the classic domains of political science. Its biggest problem is keeping the data up-to-date, because new elections always bring new results, and individual electoral rules also change quite often. It is therefore very important to always monitor the validity of individual results. On the other hand, this also brings the advantage that authors can update their data on a regular basis and bring new and updated data over a period of time. This introduction is also applicable for the new university textbook Elections and Electoral Issues in EU States from the Department of Political Science in Košice, written by its two political scientists (Renáta Bzdílová and Gabriel Eštok) and their colleague from the Faculty of Social Sciences of UCM in Trnava (Jakub Bardovič). Overall, the textbook is divided into individual chapters, describing each country from the family of EU Member States. Given that the European Parliament, as the only EU institution, is created directly by citizens of individual EU countries, the last chapter is devoted to these elections. In addition to the results of individual parliamentary elections, the authors also provide basic geographic data including area, population, capital city, currency, establishment, current GDP, form of government, or constitutional structure. There is also an overview of the official languages in countries given, nationality structure and information about the year of inclusion to the EU or the Schengen area.

In addition to these basic data, the authors also offer brief analyses of the organization of legislative and executive power, as well as view on dominant political parties. It should be mentioned here, that in the future it would be appropriate if the given information were to the same extent for all countries. For example, the lists of the constitutional competences of the head of state, government or parliament are not present in the same scope. If these information are present in some countries description, it would be appropriate to add them to others as well, and this textbook would then have even more positive impact on the overall dimension of comparative politics.

Particular mention should be made about the sections devoted to the elections themselves, in the form of describing the electoral mechanisms and arran-

gement of the country by electoral districts. In this part it is possible to sense that some authors are closer to institutional views and others emphasize the elections themselves, as well as the electoral rules. Therefore another recommendation to the team of authors, in case of publishing updated edition, is to try to define each part in a more balanced way for each country. In any case, the enrichment of this author's representation is the fact, that they declare and visually express the development of voter turnout in each elections using progress chart. Although there are different electoral rules in various countries, such a view allows to further present their analytical views to readers.

Although the issue of elections and electoral systems brings different perspectives, different interpretations of results, different perspectives on the electoral rules themselves, I believe that the authors have succeeded in putting together a textbook suitable for students of political sciences. It represents a product that helps to understand the overall issue, provides a sufficient overview of terms and statistical data. Thus, it is a suitable learning tool, thanks to which they can sufficiently understand the purpose and goal of this field. And that is also the main positive of this whole university textbook.

Finally, the authors may be advised that this publication should not be left alone, but it should be updated at certain intervals. If they have already focused on all current countries in the EU, they might expand their scope to include at least the EU's associated countries (such as Norway or Switzerland) and those in the symbolic waiting room for inclusion into EU (Albania, Montenegro and Iceland). Then, there would be only a small step towards all countries in the European area, which would be convenient for all readers. It would also be useful if this university textbook could be accessed through the public distribution network or would be available on the Internet, providing learning material of good quality to all students.

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RADOSLAV PROCHÁZKA: DISBANDED REPUBLIC - 25 YEARS OF SLOVAK CONSTITUTIONAL DISORDER

N Press, Bratislava, 2018, 176 p.

The publication is not only a reflection of the 25 years long creation of the constitutional order of modern Slovakia. In addition to the historiography of the events related to the creation and subsequent amendments to the basic act of the state, it offers an analysis of the causes and real or possible consequences of interventions in the Constitution of the Slovak Republic. The author - constitutional lawyer, professor and former politician - avoids unnecessary polemic about the correctness or uselessness of some of the legislators' steps, instead, in a language understandable even to the laity, points to imperfections, and at the end offers alternative solutions that could be a starting point for the future.

Although the publication is divided into three parts and twelve chapters, subsequently subdivided into subchapters, you do not have the feeling that you hold an university textbook in your hands, although it is primarily intended for the next generation of lawyers, political scientists, or politicians. An important advantage for the reader is that the author has chosen a free style of writing so it passes through the chapters and subchapters in a smooth and understandable way also for the ordinary reader. Even if the reader gets accidentally lost in the text, at the end of the chapter there is a summary of what he was reading, and also a link to the previous text so that the reader will not come out of the context.

At the beginning of the publication the author mentions that a modern political nation should know its constitutional history and lead a meaningful discussion about it. However, it is difficult in the environment of university students, for whom the 25-year history of modern Slovakia is a distant past, and therefore, of course, insignificant. But he found a way to get their attention. For example, by telling a fictional story, what would be their present like if...the division of the Czech and Slovak Federal Republic was decided in a referendum and not in the political culverts.

The author should be appreciated for summing up the important facts on ten pages in the first part, which he suitably called the Walk of the Labyrinth. It deals with the constitution (often uses the archaic name the social contract) as the basic law of the state and subsequently offers the chronological classification of its amendments. The circumstances which led to their creation will be considered as the most interesting by the reader. In three chapters, he returns the reader back

to the beginning of modern Slovak constitutional history, particularly to point out relevant or irrelevant interference with the basic law of the state during the Mečiarism, the two Dzurinda's governments, the first Fico's government and the last eight years, which have been turbulent in Slovak politics not only in the direction of government change but also in the development of relations between society and top politicians.

It points out that these widely-mentioned relationships have a serious impact on the quality of the Constitution and fragment it under a tolerable degree. There are emerging new constitutional laws, which would be more rigorous to achieve the desired goal (Act on the Proof of the Origin of Property), or laws which rank lower in the significance or importance hierarchy, but they became a part of the constitution only to demonstrate the interest of politicians in meeting the wishes of certain groups of the population, their voter base. We will not reveal which laws are ment, but for a better idea we will mention the current effort to implement the retirement age of the population into the constitution.

In the second part of the publication entitled Inventory, the author classifies constitutional laws in terms of the purpose of their modification or use in the legal system and discusses in detail the various amendments. He divides them into operational, meritorious and communicational. In the penultimate chapter he also deals with other constitutional laws, and at the end of this section he also brings his own insight into political processes, since he used to be the legislator and also co-creator of constitutional laws.

Individual chapters with their titles resemble university textbooks, but despite the many passages of theory, the ordinary reader will not get lost in them. The author's language remains simple, and the range of chapters is proportional to the importance of the topic. The second part of the publication opens an uniterested man the eyes, sometimes even the mouth with the astonishment, of what are all legislators capable of if... we will not finish this sentence on purpose, because it would reveal the whole point of the publication. The author, at the time a member of the Christian Democratic Movement (Kresťansko Demokratické Hnutie), deserves respect for not politicking and not trying to back up for himself or embelish the circumstances in favor of the rights but retains reality as it was in the Slovak Parliament during the period under review.

The third part of the publication is a recapitulation of the current situation and it explains the reasons and causes of the "constitutional disorder". The author also adds instructions how to deal with this situation. He sees the cause of the disorder in the fragmentation of the Constitution of the SR, which is made up by almost four dozen constitutional laws. Even those, that are not appropriate to the constitution. Specifying of the interventions to the legal nature of the constitution in individual cases is another unquestionable benefit of this publication. It is a pity that it occupies a substantial range of 48 pages of this section of the book with

three chapters. While the first of them, entitled the Disbanded Constitution, is an imaginary icing on the cake of this publication, the following one is actually just an addition that tries to keep the reader's attention before the final. But it does not come with the pomp that we would expect.

It is caused by the fact, that the author refuses to hypothesize the future. Neither the development of Slovak politics nor the need to adopt a new constitution. The question is, what should it be like. The author does not say the answer, it is more about restoring the majesty to the present law of laws. The final chapter of the publication is thus a mix of ideas how to modify the rules of constitutional normative formation in order to limit the "folk creativity" of parliament. There are also references to the reader, presenting on the one hand the experimental reflections about the Scandinavian model of approval of changes in the constitution and on the other hand leading him to change the political environment. Although it refers to direct democracy, in Slovakia it does not give it a great chance to succeed yet. However, it appeals to a citizen, by legitimizing his representatives, to consider, that the social contract is an important element of their relationship, and should therefore serve the citizen's interests rather than the interests of the government's political representation.

Despite the bumpy conclusion of the third part, the publication as a whole is clearly a benefit not only as a study material. As we have already mentioned, it is useful to anyone who is interested in this topic or wants to expand the knowledge in it. Together with the preface from František Mikloško and the epiloque from Juraj Šeliga, it has 173 pages, which can easily be read in one day. The publication was published in the book of the journal N in 2018.

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