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THE IMPACT OF FINANCIAL LEVERS ON SLOVAKIA'S GDP GROWTH

Sustainable GDP growth is a key objective for any state, particularly for transition economies. Since joining the European Union in 2004, Slovakia has actively integrated into international financial markets and implemented effective economic tools to promote development.

Financial levers, such as public spending, tax regulation, and credit support, play a crucial role in creating favorable conditions for economic growth. However, their impact on Slovakia's GDP remains insufficiently studied. Financial levers refer to mechanisms through which governments and financial institutions influence the economic performance of a country. These tools impact key factors like investment, production, and employment, all of which directly contribute to the growth of Gross Domestic Product (GDP). In the context of Slovakia, financial levers play a critical role in promoting a stable and dynamic economy, particularly as the country continues to adjust to the economic standards of the European Union (EU) [1].

The main types of financial levers that influence Slovakia’s economic performance include:

Public Expenditures and Investments. Government investments in infrastructure, such as transportation networks, digitalization, and energy efficiency, not only create short-term employment opportunities but also boost long-term productivity. These investments enhance Slovakia's competitiveness in the global economy, leading to increased foreign investments. According to the National Bank of Slovakia, increased investments in infrastructure and EU-funded projects contributed to a steady rise in GDP over the past decade [2].

For example, between 2015 and 2020, Slovakia significantly increased its public investments in infrastructure as part of EU-funded programs. This has had a lasting impact on GDP growth, with sectors such as construction and transportation seeing significant boosts, which in turn contributed to a 2.1% increase in GDP annually [3].

*Tax Policy***.** Tax policies, especially corporate and income taxes, directly affect private sector investment. Lower corporate taxes can encourage entrepreneurship and attract foreign direct investment (FDI). Conversely, higher taxes may deter investment but can be used for necessary public expenditures that contribute to long-term economic stability. Slovakia has increasingly aligned its tax policies with EU standards, focusing on creating a favorable environment for business expansion [5].

In 2018, Slovakia reduced its corporate tax rate from 22% to 19%. This policy adjustment led to a surge in the number of startups and a noticeable increase in foreign investments, particularly in the IT and automotive industries. Reduced taxes also allowed businesses to reinvest profits into expansion and innovation, further contributing to the overall GDP growth [4].

Credit Policy. The availability and accessibility of credit for businesses are crucial in stimulating private sector growth. A well-functioning banking system provides businesses with the financial resources they need to innovate, expand, and create jobs. Favorable credit conditions, such as low-interest rates or subsidized loans for small and medium-sized enterprises (SMEs), help businesses weather economic downturns and invest in expansion projects. Slovakia's financial system has become increasingly robust since joining the EU. The government's initiatives to support SMEs through low-interest loans and credit guarantees have led to a more diversified economy.

Slovakia's financial system has become increasingly robust since joining the EU. The government's initiatives to support SMEs through low-interest loans and credit guarantees have led to a more diversified economy. From 2015 to 2020, this support led to the creation of more than 12,000 new businesses, with most of them being innovative

SMEs. This growth has been particularly noticeable in the technology and manufacturing sectors [5].

A combination of quantitative methods, including regression analysis and correlation studies, is used to determine how changes in public investment, tax rates, and credit conditions have affected GDP growth over time. Key indicators examined include:

Slovakia’s annual GDP growth rate.

The proportion of public expenditure in GDP.

The level of tax revenues as a percentage of GDP.

Changes in credit conditions and business activity [1].

By comparing these variables over the last decade, the research draws conclusions about the effectiveness of financial policies in driving economic growth. The analysis reveals that financial levers have played a crucial role in Slovakia’s economic recovery and growth since it became a member of the European Union. Detailed examination of the various financial levers used in the country’s economy shows the following:

Public Investment and Government Spending. Slovakia’s public investment in infrastructure and technology has significantly boosted the economy. Investments from the EU have been pivotal in funding large-scale infrastructure projects such as highways, railway systems, and digital transformation initiatives. According to Eurostat data, Slovakia’s GDP grew by 2.5% in 2017 due in part to EU-funded projects that improved infrastructure and connectivity. These developments reduced transportation costs and facilitated greater trade within Slovakia and with its EU neighbors, thus increasing overall economic output [1].

Tax Reforms and Their Effects on Business Investment. The reduction of the corporate tax rate from 22% to 19% in 2018 was one of the most significant tax reforms in Slovakia's recent history. This change was designed to attract foreign investment and improve the overall competitiveness of Slovak businesses. According to data from the Slovak Ministry of Finance, foreign direct investment (FDI) into Slovakia increased by 15% in 2019, as multinational corporations saw the reduced tax rate as an opportunity for greater profitability. This increase in FDI not only created jobs but also boosted innovation within the Slovak economy, particularly in the automotive and tech industries [3, 6].

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ДЕРЖАВНИЙ БОРГ УКРАЇНИ: ДЖЕРЕЛА ФІНАНСУВАННЯ ТА РЕСТРУКТУРИЗАЦІЯ

Державний борг є важливим інструментом для фінансування бюджетного дефіциту, реалізації стратегічних державних програм та забезпечення оборонних потреб. Однак, зростання боргового навантаження створює ризики для економічної