COMPARISON OF THE EXTERNAL BALANCE DEVELOPMENT IN THE CZECH REPUBLIC AND SLOVAKIA

KOMPARACE VÝVOJE VNĚJŠÍ ROVNOVÁHY V ČESKÉ A SLOVENSKÉ REPUBLICE

Jana Marková
Ilona Švihlíková

ABSTRACT

The indicators of external balance and net investment position show the macroeconomic and financial stability of a given country towards foreign countries. Considering the intensive interconnectedness between countries, from the trade and investment flows perspective, this topic is crucial, since many distortions occur in the complex global system. Primarily in the case of emerging countries it is necessary to consider the whole macroeconomic context, especially the effort for convergence towards more developed countries. The article deals with the topic of external (im)balances in the case of the Czech Republic and Slovakia. The main statistical source is the balance of payments and the investment position, which can show the origins of any external imbalances. Determining the cause of the imbalances is connected with recommendations aiming at changes in the economic model of the two countries.

Key words: *international net position, foreign indebtedness, external imbalances, investment, domestic savings*

JEL classification: F21, F40

ABSTRAKT

Ukazatele vnější rovnováhy a čisté investiční pozice vypovídají o makroekonomické a finanční stabilitě země vůči zahraničí. Vzhledem ke značné propojenosti mezi zeměmi, ať již z hlediska obchodních či investičních toků, je toto téma zásadní, neboť v komplexním globálním systému se vyskytuje velké množství poruch. Zejména v případě transformujících se zemí je nutné brát v úvahu celý makroekonomický kontext, zejména úsilí o konvergenci k vyspělejším zemím. Článek rozebírá vnější ne/rovnováhu České republiky a Slovenska. Klíčovým statistickým výkazem je platební bilance a investiční pozice vůči zahraničí, z níž je možno vyčíst příčiny vnějších nerovnováh. Určení příčin nerovnováh je doplněno doporučeními, která se týkají změny hospodářského modelu obou zemí.

Klíčová slova: *čistá investiční pozice, zahraniční zadluženost, vnější rovnováha, platební bilance*

JEL classification: F21, F40

INTRODUCTION

The net investment position and the indicator of foreign indebtedness are both very important indicators of macroeconomic and financial stability of a given country. The increase in foreign indebtedness and its ratio to GDP is no longer exclusively a problem of developing countries. We can observe this problem in both transition and developed countries. The roots lie in the increasing economic integration and interdependence of economic activities. Further cause is the gap between domestic savings and domestic investment, which is a persistent problem in transition countries.

This article deals with the analysis of factors influencing the external balance in the Czech Republic and Slovakia from the point of view of balance of payments and investment position. We use the method of analysis and comparison. First, the focus is placed on factors influencing the current account balance and the impacts of FDI on both the current account and the financial account. The aim is to determine to what extent FDI threaten the external balance of the two countries. The following part consists of factors determining the net investment position. In the context of the current account and the net investment position risk factors are identified. These factors can cause worsening of the external balance and bring about appreciation or depreciation of the domestic currencies.

In the summary concrete proposals are given that could contribute to a positive change in both countries.

1 THEORETICAL BACKGROUND

In economic theory different approaches exist toward external imbalance. It can be understood as the balance of gross domestic saving and gross domestic investment, which is then reflected in the balance of the current account of the balance of payments, and in this way also in the investment position of the country towards other countries. The relation between gross investment and gross savings shows the extent to which a country is dependent on external financing; in other words, if domestic savings are able to cover domestic investment (IMF, 2009)

External balance from the view of the balance of payments (e.g., as balance of individual balances of the current account) cannot be achieved in every timeframe. It is empirically impossible and theoretically not justified. This means that *"it is important not to view the balance of payment only in a stationary way, as a picture of a year timeframe, but to observe it dynamically as a picture of many years timeframe"* (Scammell, 1961).

According to Bakule (1976, p. 182) *"a country with a balanced balance of payment is such a country that has not experienced a change in the foreign reserves, e.g. the active and passive balance of balanced of payments have been equalized through the years…"*. Bakule adds further conditions for achieving this balance, the most important ones being: *"the given country has not experienced devaluation or revaluation… there were no measures that would limit the flow of goods or capital from abroad and abroad…. in the given country there were no significant changes in employment."*

Authors Mandel, Tomšík (2018, p. 13) define the external balance in flow approach as a *"sustainable structure of financial and real flows between the domestic and foreign economy, which for the future does not represent the need to change the exchange rate, income, consumption, prices, money supply or interest rates."* Rojíček (2016, p. 504) states that it is necessary to identify long term sustainability of flows between the domestic and foreign economy and to understand it as a long-term balance of the balance of payments, which influences the investment position. Thus, it is a *"state, when the investment position does not change, a state, when the current account of the balance of payments equals zero."*

The European Commission has introduced a complex framework for the eco-

nomic imbalance analysis in 2011. Its aim is the identification, prevention and possible solutions to internal and external imbalances. The macroeconomic imbalance procedure includes 14 stability indicators and determines their limit values. Five of these indicators regard the external imbalance and competitiveness, six internal balances (public indebtedness, market development), three indicators are connected with unemployment (Eurostat, 2020b).

The core of macroeconomic imbalances is their long-term sustainability. Thus, it is necessary to use flow indicators registered in the balance of payments, as well as state indicators, which can be found in the investment position. External balance should be reflected in the structure of the current account and the investment position. The balance of investment position is equal to the current account balance. The analysis of external balance sustainability uses two main indicators with established limit values. When these limit values are surpassed, it represents a signal for the investors that there is a risk of imbalance. According to the Eurostat methodology, regarding the current account balance it is −4/+6% GDP taken as a three-year average, regarding the net investment position it is −35% GDP. The indicator of gross debt to GDP with the limit value of 60% is also important. Individual approaches towards analysis of these indicators should be discussed in a broad economic context of the given economy's development. For a more detailed analysis, we can use further indicators, often connected directly to individual parts of the balances of payments or structure of the foreign debt.

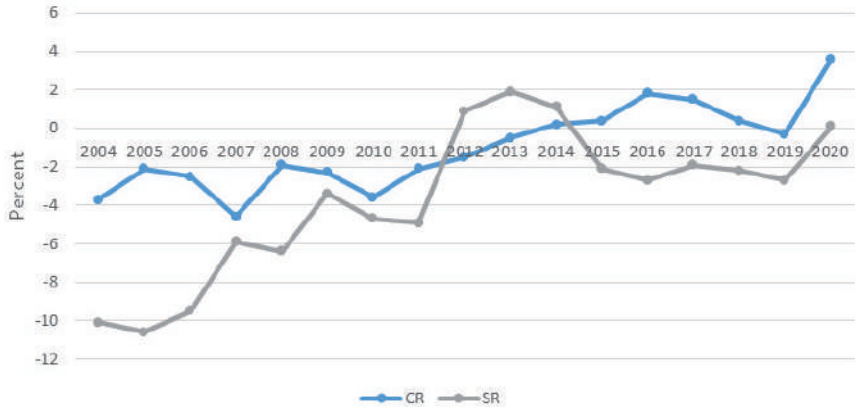
External balance can be thus analyzed from many perspectives. The main aim is to analyze the flows between the domestic and foreign economy and to identify potential risks. Traditionally used indicators of external balance sustainability may have some methodological imperfections and limit values can be viewed as speculative; however, they must be respected as they have a significant psychological impact on foreign investors' behaviour. Their main value lies in the observation of their development, or in other words, in the identification of trends. The value of the indicators cannot be taken in absolute measure, and they cannot be fully compared with countries in different stages of development or in different stages of the economic cycle. Absolute values can be used for comparison of homogeneous countries.

2 MAIN FINDINGS

This part presents the external economic balance through the eyes of the balance of payments.

Figure 1 demonstrates the development of the current account balance to GDP in the Czech Republic and Slovakia. The graph shows that the Czech Republic has not surpassed the limit value in the whole time period. Slovakia has surpassed the value (−10%) once, at the beginning of the chosen time period, and since then it has not surpassed the limit values.

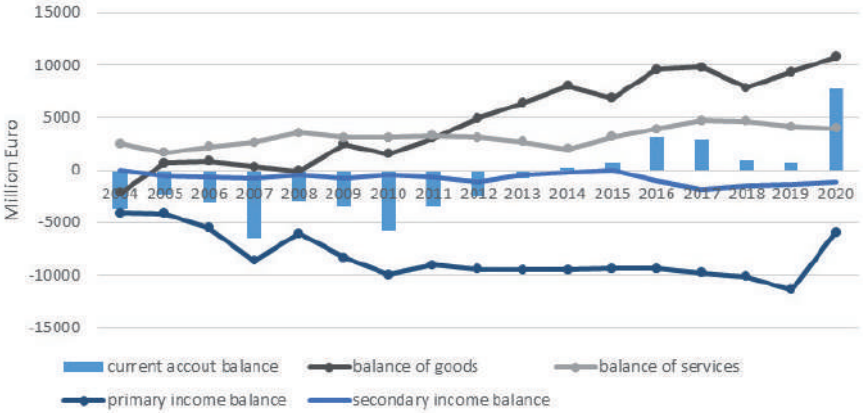
Fig. 1 » Development of the current account balance to GDP



Source: Eurostat (2020a): Current account balance

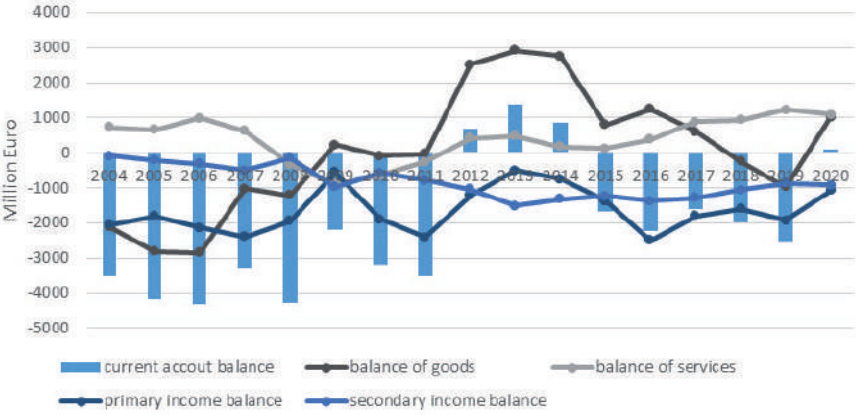
However, this rather positive development does not automatically mean that the Czech Republic and Slovakia won't face the problem of current account balance in the future. This will be dependent on the operations registered on this account. Therefore, the analysis of the current account balance should take into consideration the factors that influence the current account and, on this basis, determine the possible future development. The current account balance is influenced by the balance of goods, services, primary and secondary incomes. The following graph captures the structure of the current account in the two countries.

Fig. 2 » Development of the current account structure in the Czech Republic



Source: Czech National Bank, 2021

Fig. 3 » The development of the current account structure in Slovakia



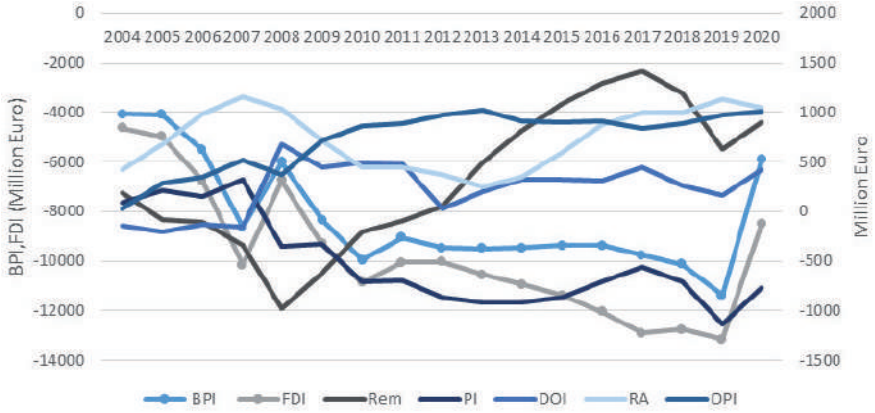
Source: National Bank of Slovakia, 2021

The Czech Republic shows a positive trend in the balance of goods development; the balance of services is also in positive numbers. However, in the balance of primary incomes we see a clear negative trend.

As for the Slovak current account, we see that the only balance showing a growing trend is the balance of services. The balance of secondary income is also showing a growing trend, but in negative numbers. The balance of goods and the balance of primary incomes both have negative trends.

The similarity between the two countries thus concerns the primary income balance. In this account we register remittances, yields from direct, portfolio and other investment. In the case of Slovakia, it is important to focus on the balance of goods, which shows a disturbing negative trend since 2014 (with negative values in 2018). This negative balance is compensated by the balance of services. The following graphs demonstrate the structure of the primary income balance.

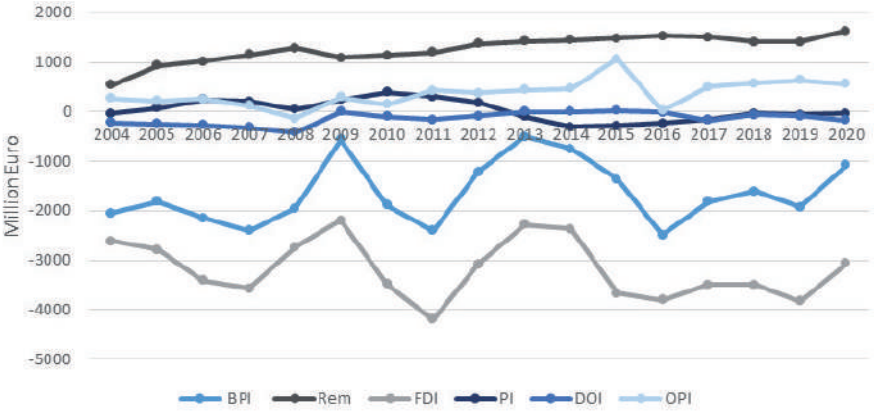
Fig. 4 » The development of the structure of the primary income balance in the Czech Republic



Note: BPI = balance of primary income, FDI = balance of foreign direct investment, Rem = balance of remittances, PI =balance of portfolio investment income, DOI = balance income from other investments, RA = income from reserve assets, OPI = balance from other primary income
Source: Czech National Bank, 2021

Figure 4 shows that while the balance of remittances and other primary income and the yields from reserve assets are in positive values and thus can compensate for the negative balance of portfolio investment, the balance of yields from FDI has a clear negative trend. This trend is copying the negative trend of the balance of primary income as such and in the future, it can represent the main risk of current account deficit, exceeding the limit value.

Fig. 5 » Development of the structure of the primary income balance in the Slovak Republic



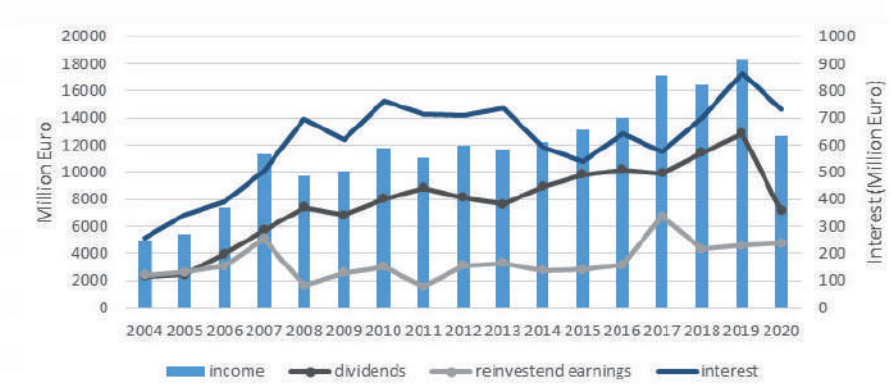
Note: BPI = balance of primary income, FDI = balance of foreign direct investment, Rem = balance of remittances, PI =balance of portfolio investment income, DOI = balance income from other investments, RA = income from reserve assets, OPI = balance from other primary income
Source: National Bank of Slovakia, 2021

Figure 5 for the Slovak Republic shows that the negative balance of primary income is fundamentally influenced by the negative balance of yields from FDI. This balance is compensated by the positive balance of remittances. Because of that the balance of primary income is lower than the balance of yields from FDI.

When analyzing the structure of the current account, it is also important to observe the relation between dividends and reinvested earnings. While dividends flow out to foreign countries, reinvested earnings are registered on the financial account as the increase of financial liabilities. The influence of FDI on the balance of primary income grows with the inflow of FDI and the growth in profitability. At the beginning of the transformation process both countries witnessed a high inflow of FDI; therefore, it was reasonable to expect that the growth in yields from these investments and their outflow would follow suit. At the beginning of the life cycle of these investments, usually only a small part of the yields is repatriated, while a bigger part is reinvested. However, with the growth of the reinvested earning the inflow of new FDI starts to decline and an outflow of capital due to a possible shift of investment to foreign countries can occur. Even if the profits are not reinvested, they can stay in the host country and be invested, for exam-

ple, in the form of deposits or purchase of securities. A negative yield balance thus does not always mean only pressure on the external balance. In both cases, however, by reinvested earnings and by its investment in financial assets in the host country, the liabilities of the host country towards non-residents grow. This means that the yields from these liabilities grow as well, which impacts the primary income balance. Figures 6 and 7 demonstrate the structure of yields from FDI in both countries.

Fig. 6» The development in the structure of yields from FDI in the Czech Republic



Source: Czech National Bank, 2021

Fig. 7» The development in the structure of yields from FDI in the Slovak Republic

Source: National Bank of Slovakia, 2021

Both graphs show a clear trend for the repatriated profits, which is in line with the life cycle theory of FDI. It can be assumed that this trend will continue and can become the symptom of a current account worsening trend.

The evaluation of the external balance with the help of a current account analysis requires an analysis of the roots of its origin and the ways of its financing. If the current account balance was financed by non-debt capital in the form of FDI (equity + reinvested earnings), then exceeding the limit value of the current account ratio to GDP did not have to be viewed as risky. Reinvested earnings are registered on the financial account as a liability of the host country towards foreign countries. From this point of view, we can assess the reinvested earnings as relatively stable and safe sources for financing the current account deficit. There is a certain risk that even non-debt financing can transform to debt financing. Some economists, such as Helísek (2004), call for prudency even in cases when the ratio of the current account balance to GDP nears the limit value. It cannot be excluded that there could be a sudden outflow of yields in the form of dividends at the expense of reinvested earnings, or a sudden drop in the inflow of FDI. The outflow of FDI to another country can occur also because of the end of investment incentives programmes or due to uncertainty of future economic and political development in the host country. The FDI outflow can be the consequence of their life cycle (Mandel, Tomšík, 2006).

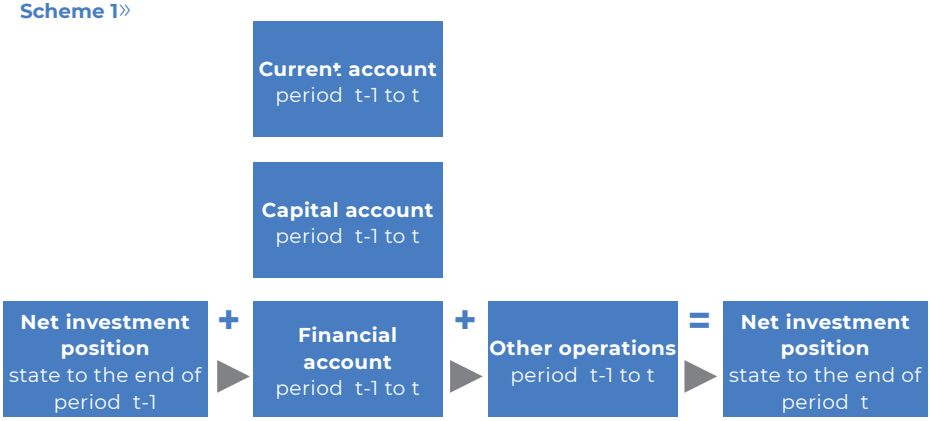
3 EXTERNAL BALANCE FROM THE POINT OF VIEW OF THE NET INVESTMENT POSITION

The investment position registers the states of foreign assets and liabilities at a given moment. Assets are the financial claims of a given country towards foreign countries and property of residents abroad. On the side of liabilities, we can find liabilities towards non-residents and property of foreign subjects in the domestic economy.

The structure of assets and liabilities is the same as in the financial account of the balance of payments. Foreign assets consist of direct and portfolio investment, financial derivatives, other investment and reserve assets of the central bank. The same portfolio, with the exception of reserve assets, makes the structure of foreign liabilities. The difference between the value of foreign assets and liabilities

is the net investment position. The following scheme explains the connections between the balance of payments and the investment position:

Scheme 1»

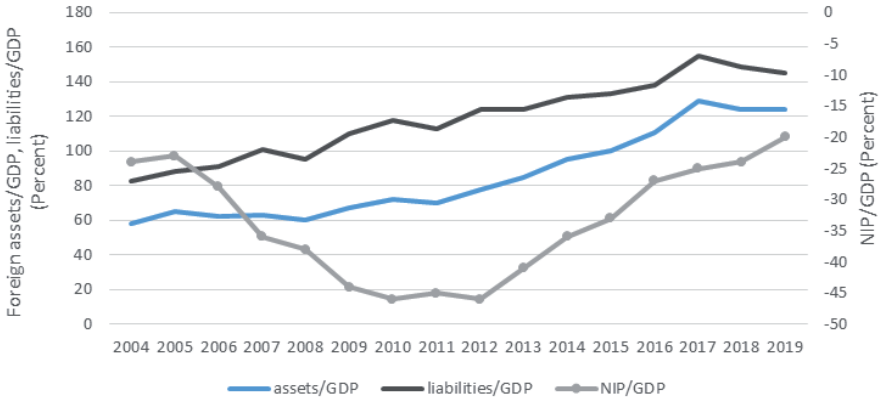


Source: own processing

The net investment position at a certain moment is the result of a net investment position at the end of the period (*t–1*) adjusted for the transaction on the financial account, which reflects the transactions on the current account and capital account in period *t*. The balance of these accounts together with the balance of errors and omissions corresponds to the financial account balance. While the transaction on the financial account of the balance of payments affects the total amount of assets and liabilities in the NIP, the balance of the financial account has a direct impact on the change in the NIP. However, it is not true that the change in the NIP can occur only in the case when the current account and the capital account are not in balance. The reasons for this are connected with the new methodology of the NIP according BPM6. Besides the initial state of the NIP and the end of the given period, there are also "other operations" registered. These are influenced by a variety of factors that influence the value of transactions, such as the exchange rate changes, the change in the market value of foreign assets and liabilities, etc. Exchange rate movements can influence the balance of the NIP depending on in which currency the foreign assets and liabilities are denominated and if the domestic currency experiences revaluation or devaluation.

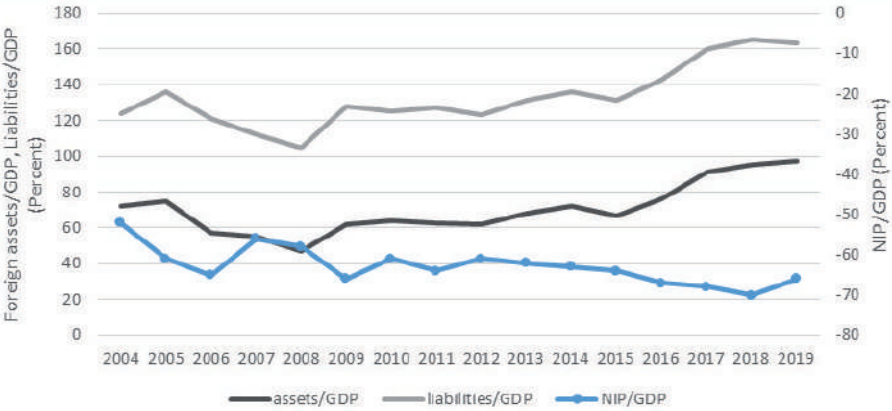
Maintaining the external balance from the point of view of the NIP is dependent on the sustainability of balance of the current and capital account. Usually, the balance of the capital account is not very significant regarding the balance of the investment position. The valuation effects oscillate mostly towards zero, which means we may leave them out. The key state criterion of the external balance sustainability is thus the relation between the current NIP and the nominal GDP.

Fig. 8» The development of the structure of foreign assets and liabilities and the NIP on the GDP in the Czech Republic



Note: NIP=Net investment position
Source: Czech National Bank, 2021

Fig. 9» The development of the structure of foreign assets and liabilities and the NIP on the GDP in the Slovak Republic

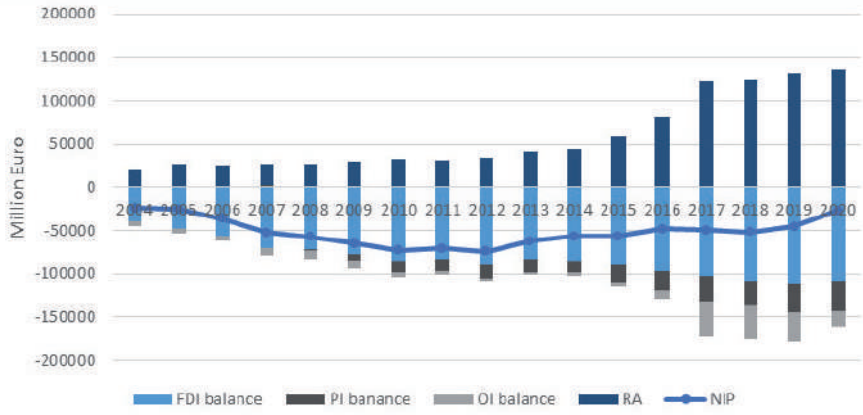


Note: NIP=Net investment position
Source: National Bank of Slovakia, 2021

As Figures 8 and 9 show, the difference between total foreign assets and liabilities is negative in both countries. In the case of the Czech Republic the NIP has improved since 2012 (from –45% GDP in 2012 to –20% in 2019). In Slovakia, the NIP has been worsening and is below the value of 60% GDP.
Although the relation of the NIP to the GDP shows a satisfactory development and has surpassed the limit value only once (because of the financial crisis), analyzing the roots makes it obvious that this trend may not persist indefinitely. The trend of the foreign liabilities and assets to the GDP has been the same since 2012 and this disproportion will exert pressure on the drawing of resources from foreign countries, exceeding the pace of the growth of the nominal GDP. The reasons of this difference are undoubtedly the growing trend in the FDI inflow and the ratio of 50% FDI on total liabilities.

This means that the FDI balance has the highest share on the total NIP balance. The balance of FDI shows an increasing trend, which corresponds to a low activity of domestic investors abroad.

Fig. 10» The development of the NIP structure in the Czech Republic

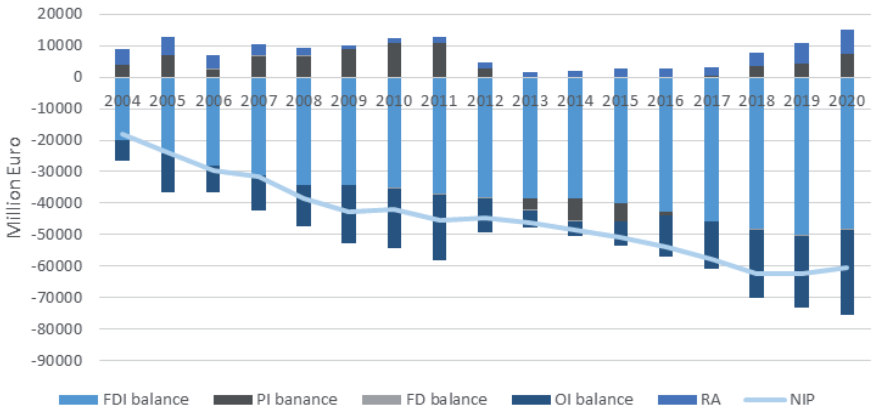


Note: PI = portfolio investment, OI = other investment, RA = reserve assets
Source: Czech National Bank, 2021

The positive development can be explained by the huge increase in the reserve assets of the Czech National Bank. This increase is connected with the central bank's interventions. The share of the reserve assets on the total assets has increased from 30% (before the interventions) to 50%, as demonstrated by Figure 10. This means that the reserve assets can fully compensate for the FDI balance. However, this trend cannot be expected to continue, as the passive balance of FDI continues and the pace of increase in the reserve assets is slowing down.

For the analysis we have to take into account the fact that the interventions devalued the Czech crown to 27 CZK/EUR and higher interest rates in comparison to foreign countries led to a higher interest of foreign investors in Czech assets. We can observe this on the total volume of liabilities in the form of bank deposits and debt securities. The passive balance of other and portfolio investment increased as a result. If the Czech Republic remained attractive for foreign investors, it could result in a further increase of liabilities in the form of deposits and portfolio investment, connected with an outflow of yields from these assets to foreign countries.

Fig. 11» The development of the NIP structure in the Slovak Republic



Note: PI = portfolio investment, OI = other investment, RA = reserve assets
Note: PI = portfolio investment, OI = other investment, RA = reserve assets
Source: National Bank of Slovakia, 2021

As Figure 11 demonstrates, the NIP to GDP in Slovakia surpasses the 60% mark. The growing trend of total liabilities both in absolute terms and as a share to GDP is the consequence of the FDI inflow. Liabilities on the account of other investment are from more than 50% compensated by foreign assets; however, in the case of the FDI balance it is less than 20%. In the case of Slovakia, it is apparent that the negative balance of the NIP is given by the FDI balance. This balance reflects the huge inflow of FDI and limited activity of domestic investors abroad.

The NIP is the difference between the total foreign assets and liabilities. When the capital account and evaluation effects are omitted, then it is equal to the current account balance. Maintaining the external balance from the point of view of the NIP is thus dependent on the sustainability of the balance of individual accounts in the current account. Their balances are the source of the NIP imbalance.

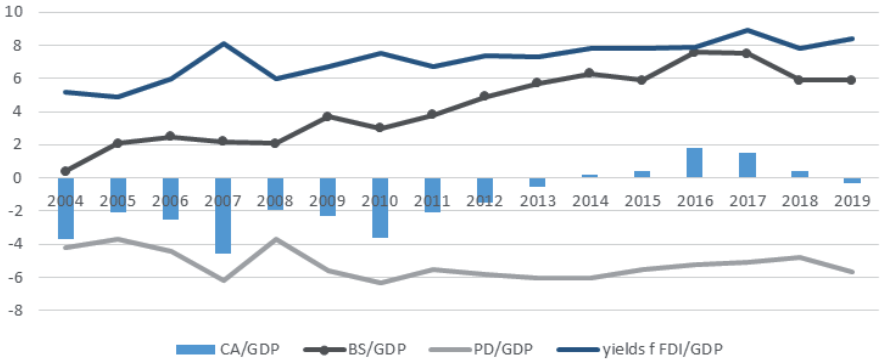
A current account deficit worsens the NIP and vice versa. The current account deficit is linked to the financial account. The movement of capital is connected with the incomes in the form of interests, dividends, reinvested earnings. If the yields that flow abroad are higher than those that are connected with the investment of domestic subjects abroad, then the primary income balance is in deficit.

As explained above, from the point of view of the external balance it is necessary to generate sources which could compensate this balance. This means the balance of goods and services should grow continuously with the growth of the primary income balance deficit. The external balance sustainability supposes that this state will be achieved without the need to change the exchange rate, consumption, prices, money supply and interest rates in the future.

In the opposite case it will be necessary to finance this balance via the financial account, i.e. via the reserve assets or via foreign debt. However, foreign debt generates further yields that flow to foreign countries. The foreign indebtedness worsens and if it surpasses the limit value of 60% GDP, foreign investors may become doubtful about further investment in such a country.

When analyzing the external balance in the long-term, it is necessary to observe the dynamics of the individual accounts in the current account to GDP. This can give us the answer regarding whether the economy is able to generate sources to cover the deficit in the yields from foreign liabilities.

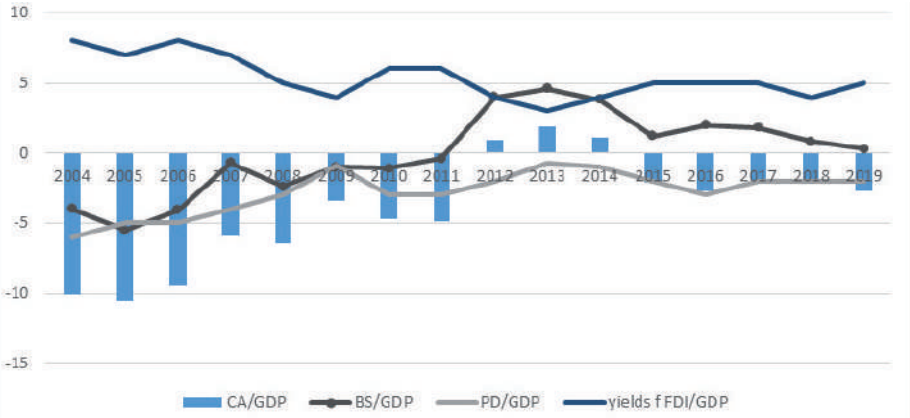
Fig. 12» The development of the balance of goods and services, yields from FDI and the NIP to GDP in the Czech Republic, in %



Note: CA= current account balance, BS = balance of goods and services, PD = primary income balance, yields from FDI
Source: Czech National Bank, 2021

A negative NIP demonstrates that the Czech economy has so far not been able to create sufficient sources (through the surplus of the balance of goods and services, remittances and other primary incomes) to cover the costs connected with paid interests, repatriated and reinvested earnings connected with the inflow of foreign capital. The reasons of this state do not lie in low export performance of the Czech economy. The goods and services balance has been growing since 2004 and its share to GDP has grown as well. Other primary incomes and remittances also show positive balances, although the values are low. The causes of the negative NIP lie in the cumulative negative current account deficits (from the years 1994–2012) with the decisive share of yields from FDI reflecting the long-term inflow of FDI. In 1994, the balance of NIP reached 2 bn EUR, in 2012 it was 74 bn EUR.

Fig. 13» The development of the balance of goods and services, yields balance from FDI, the NIP to GDP, in the Slovak Republic, in %



Note: CA= current account balance, BS = balance of goods and services, PD = primary income balance, yields from FDI
Source: National Bank of Slovakia, 2021

Figure 13 shows that the Slovak economy is not able to generate sufficient sources (through the surpluses of the balance of goods and services, capital transfers), which could in the long-term cover the costs connected with the FDI inflow. The ratio of balance of goods and services to GDP has a declining trend, while the yields from FDI show an increasing trend.

Remittances could represent a small improvement as they reach better values in comparison to the Czech Republic; however, their positive trend halted in 2016.

Figure 9 shows that the trend of the foreign assets and liabilities development to GDP is practically identical and oscillates at around 60 percentage points. In connection with the ongoing inflow of capital both in the form of direct and portfolio investment, we can conclude that not even Slovakia is able to reach and maintain the external balance, neither in the short nor long term.

CONCLUSIONS

In macroeconomic context, the state and trend analysis can be interpreted as the result of the position of the Czech Republic and Slovakia in the international division of labour (Šmíd, 2019). This position was formed during the transformation process. The risk of a long-term external imbalance is directly connected

with the transformation model, which was in both countries connected with the engagement of foreign companies. It is obvious that FDI has matured relatively fast. Especially the Czech Republic exhibits extremely high rates of return from FDI (Eurostat, 2020c).

Both economies belong to the category of dependent economies. The inflow of FDI may boost the export performance, but at the same time it is inevitably connected with export performance. The Deloitte analysis (Deloitte, 2019) highlights the low added value in Czech export and the substantial distance from the final costumer. These are typical features of companies in the position of price takers.

Both countries face the problem of a wage ceiling (an obstacle in achieving wage convergence). Both countries are trapped in the vicious circle – outflow of profits requires a solution through further inflow of FDI, or reinvestment, which actually means just a postponement of the solution of the core problem.

Thus, the identified cause of the long-term imbalance of the current account represents a serious challenge for the formulation of a different economic policy. This policy should aim at changing the economic model, both in the Czech Republic and Slovakia. It is obvious that a model concentrated on the inflow of FDI (mainly from Germany) and on price differences (wages; in the case of the Czech Republic also the exchange rate) is outdated. There is plenty of evidence from countries that tried to change their position in the international division of labour. For example, the Innovation Strategy of the Czech Republic (RVVI, 2019) reflects this. However, in practical economic policy we often see contradictory trends, like the decline in employee compensation that actually is one of the key convergence criteria.

Hungary is in a similar situation. The *"end of cheap labour"* (Shotter, 2019) was also announced by the Polish prime minister, although Poland is in a better situation with its vast internal market.

The Czech Republic and Slovakia face a crucial task that needs to be taken seriously not only in documents but especially in day-to-day economic policy. There are many countries that have succeeded in "moving up the ladder" of the international division of labour. The experience of these countries cannot be automatically transferred; however, we usually see a mix of protectionist measures and targeted industrial/developmental policy.

Protectionist policies cannot be used as both countries are part of the EU. However, the definition of clear priorities, such as setting main convergence indicators, would give the whole process legitimacy and a clear direction.

The concrete proposals can include pressure for wages increases (breaking the wage ceiling), using instruments like the minimum wage, but also increased employee participation. These measures could contribute to retaining a bigger part of the added value in the Czech Republic and Slovakia. A strict control of the misuse of transfer pricing is also an important issue. Support for the local economy, promotion of local agents' cooperation (including universities) leading to higher added valued in Czech and Slovak companies is of importance.

The pandemic has clearly shown that neither the Czech Republic nor the Slovak Republic can ignore the issue of their position in the international division of labour and their position in the global value chains. The vulnerabilities resulting from complex value chains have come to the foreground. In the near future we can expect changes in the international division of labour concerning reshoring, regionalization of value chains, more focus on strategic production and importance of strategic sectors and local production with the use of additive manufacturing. The model of a dependent economy in both the Czech Republic and the Slovak Republic is long overdue. The pandemic offered a unique momentum to strive for a change in the model.

BIBLIOGRAPHY

BAKULE, V. (1976). *Světové finance*. Praha: SNTL.

CZECH NATIONAL BANK (2021). Balance of payments statistics. (Statistika platební bilance). Available at: https://www.cnb.cz/cs/statistika/platebni_bilance_stat/investicni_pozice/

DELOITTE (2019). Made in the world. Analýza českého zahraničního obchodu a pozice v globálních hodnotových řetězcích. *Economics and Statistics.* Available at: *https://www2.deloitte.com/cz/cs/pages/about-deloitte/articles/analyza-ceskeho-zahranicniho-obchodu.html#*

EUROSTAT (2020a). Current account. Available at: https://ec.europa.eu/eurostat/databrowser/view/tipsbp20/default/table?lang=en

EUROSTAT (2020b). The macroeconomic imbalance procedure. Available at:

https://ec.europa.eu/eurostat/statistics-explained/index.php?title=The_Macroeconomic_Imbalance_Procedure_(MIP)_introduced#The_MIP_indicators
EUROSTAT (2020c). Foreign direct investment – rates of return. Available at: https://ec.europa.eu/eurostat/statistics-explained/index.php/Foreign_direct_investment_-_rates_of_return#General_overview
HELÍSEK, M. (2004). *Měnová krize (empirie a teorie)*. Professional Publishing, Praha. ISBN 80-86419-82-7.
IMF (2009). *Balance of payments and international investment position manual.* Washington, D.C.
MANDEL, M. and V. TOMŠÍK (2006). Přímé zahraniční investice a vnější rovnováha v tranzitivní ekonomice: aplikace teorie životního cyklu. *Politická ekonomie* 2006, roč. 54, č. 6. ISSN 0032-3233
MANDEL, M. and V. TOMŠÍK (2018). *Monetární ekonomie v období konvergence a krize*. Praha, Management Press 2018. ISBN 978-80-7261-545-2
NATIONAL BANK of SLOVAKIA (2021). Balance of payments statistics. Available at: https://www.nbs.sk/sk/statisticke-udaje/statistika-platobnej-bilancie/medzinarodna-investicna-pozicia
ROJÍČEK, M. et al. (2016). *Makroekonomická analýza: teorie a praxe*. Praha, Grada 2016. ISBN 9788024758589
RVVI (2019). Inovační strategie České republiky 2019-2030. Available at: https://www.vlada.cz/assets/urad-vlady/poskytovani-informaci/poskytnute-informace-na-zadost/Priloha_1_Inovacni-strategie.pdf
SCAMMELL, W. (1961). *International Monetary Policy.* Londýn: Maemillan & Co. Ltd.
SHOTTER, J. (2019). *Polands´s ruling party pledges big minimum wage rise to woo voters.* Financial Times. October 8, 2019. Available at: https://www.ft.com/content/a8370fae-d948-11e9-8f9b-77216ebe1f17
ŠMÍD, R. (2015). *Kdo tahá za nitky české ekonomiky?* ČSÚ, Statistika a my. Available at: https://www.statistikaamy.cz/2015/03/19/kdo-taha-za-nitky-ceske-ekonomiky/

doc. Ing. Jana Marková, CSc.
Faculty of Finance and Accounting, University of Economics, Prague.
Katedra veřejných financí Fakulty financí a účetnictvíu
Email: markovaj@vse.cz
The paper has been prepared as one of the outcomes of a research project at the Faculty of Finance and Accounting, University of Economics, implemented in the framework of institutional support VŠE IP 100040.

doc. Ing. Ilona Švihlíková, Ph.D.
University College of Business in Prague.
Email: svihlikova@vso-praha.eu