

STATE OF THE FUTURE INDEX SOFI 2014 FOR SLOVAKIA

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Abstract

State of the Future Index SOFI 2014 for Slovakia was calculated as a part of the project V4 SOFI which is funded by the International Visegrad Fund. The project V4 SOFI is coordinated by Polish Society for Futures Studies with participation of Palacky University in

Olomouc, Czech Republic, University of Miskolc in Miskolc, Hungary and Institute of Economic Research Slovak Academy of Sciences in Bratislava, Slovakia. Within this project SOFI was calculated for each country as also for V4 countries together.

Keywords:

State of the Future Index, variables, development, future, project

Introduction

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Historic SOFI Slovakia

SOFI Slovakia was calculated from 1995 to 2014 and projected from 2015 to 2025. The value of SOFI in the year 2014 is 1. SOFI Slovakia starts from 0.87 in 1995 following two years of growth to 0.90 in 1997 and decline from 0.90 in 1997 to 0.82 in 2000, stagnation in the year 2001 and slow growth to 1.01 in 2008 the year of the beginning of global economic crisis. From the year 2008 was slow decline from 1.01 to 0.98 in 2010, two years of stagnation on 0.98, following three years of stagnation on 1.00 in the years 2012 to 2014. The decline from the year 2008 was caused by the economic problems of Slovak Republic especially the very high unemployment rates and very low expenditures in research and development. The decline from the year 2008 was caused by beginning of global economic crisis.

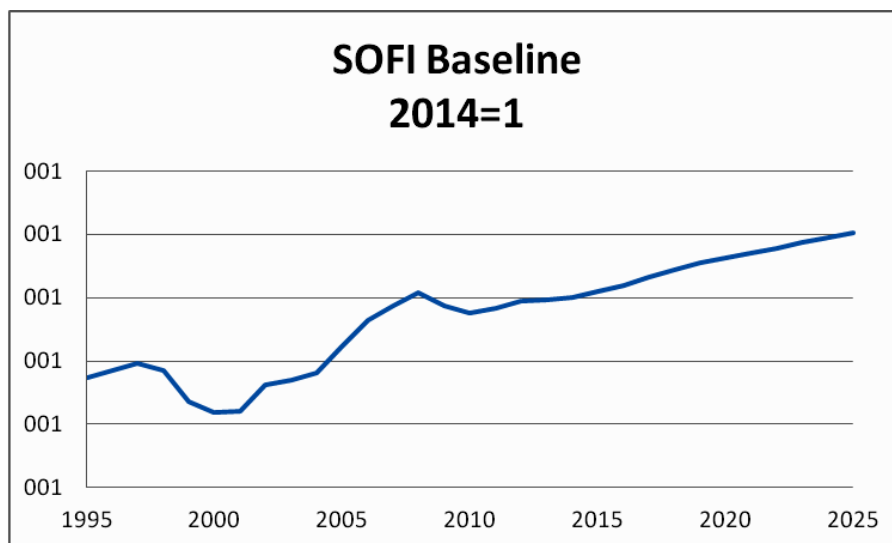
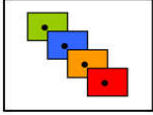


Figure 1. SOFI Baseline for Slovakia (source: V4 SOFI Project calculations)



Projected SOFI Slovakia

Projected SOFI value shows slow growth from 1.01 in 2015 to 1.10 in 2024 and stagnation on 1.10 in 2025. We can expect slow progress, which will be vulnerable to turbulences in world economy and also to changes in economic policy in Slovakia. The potential negative impact on the progress of SOFI can be connected with fixed industrial structure of Slovak economy and with long term problem of high unemployment rates with absence of adequate policy supporting the employment growth. Very risky can be also high levels of corruption, very high general government gross debt and very low R and D expenditures.

SOFI variables

Selected set of SOFI variables was calculated from 1995 to 2014. Historical SOFI variables show us the weak and potential problematic parts of future development of Slovak economy and society towards 2025. The most problematic areas within the period 1995 to 2014 are levels of corruption, people voting in elections (percent of national population of voting age), physicians per 1.000 people, population growth, research and development expenditures, unemployment and general government gross debt as percentage share of GDP. The development in other areas is progressive with no negative impact on calculated and projected SOFI.

The causes of the problematic development in these areas are mainly connected to the transition process of Slovak economy and they are following:

- Very high level of corruption are connected with the transition of political and legal system in Slovakia with very weak feedbacks and some negative heritage from communist system and some differences from legal frameworks in long term democracies in mature countries.

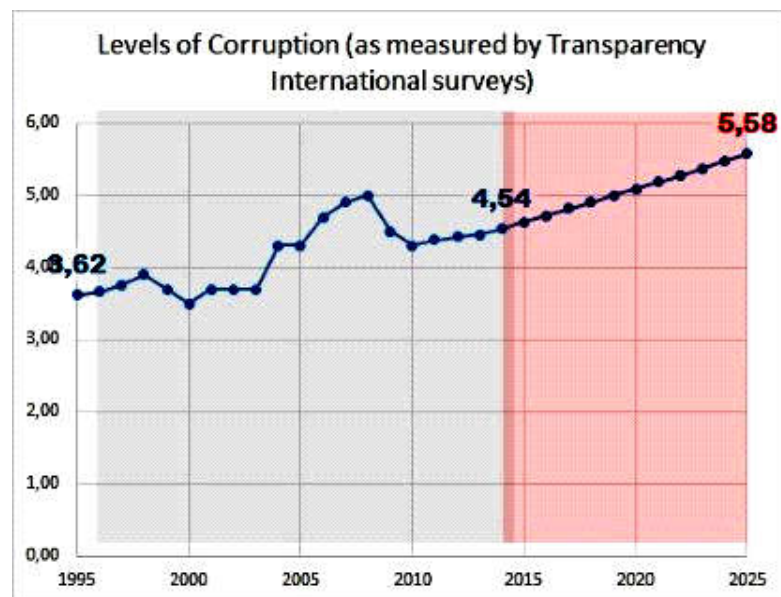


Figure 2. Levels of Corruption (source: V4 SOFI Project calculations)

- Decreasing number of people voting in elections as percentage of national population of voting age is caused by disappointment of citizens from the negative impacts of transition process as very low wages, high corruption, high unemployment etc. and absence of adequate policies to overcome these problematic developments.

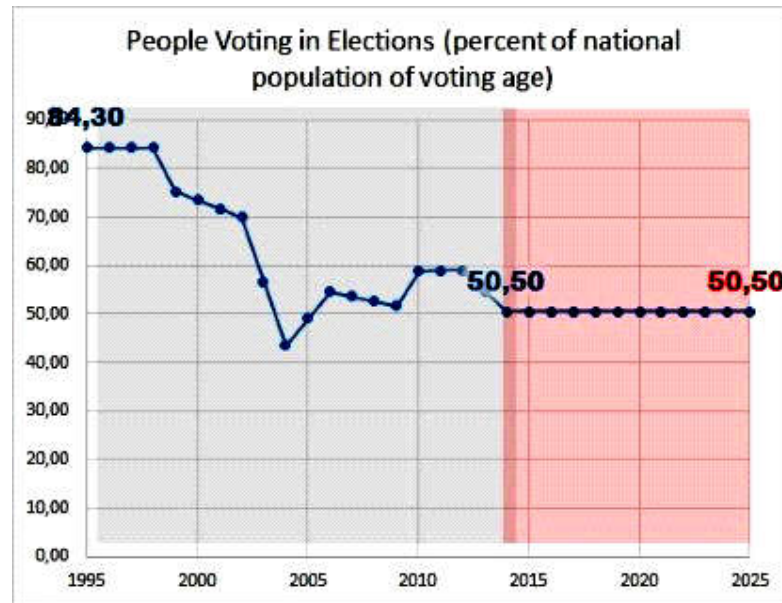
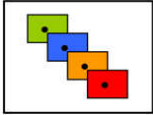


Figure 3. People Voting in Elections (source: V4 SOFI Project calculations)

- Decreasing number of physicians per 1.000 people is connected with partial transformed system of health care and lower level of wages and worse conditions in comparison to mature countries.

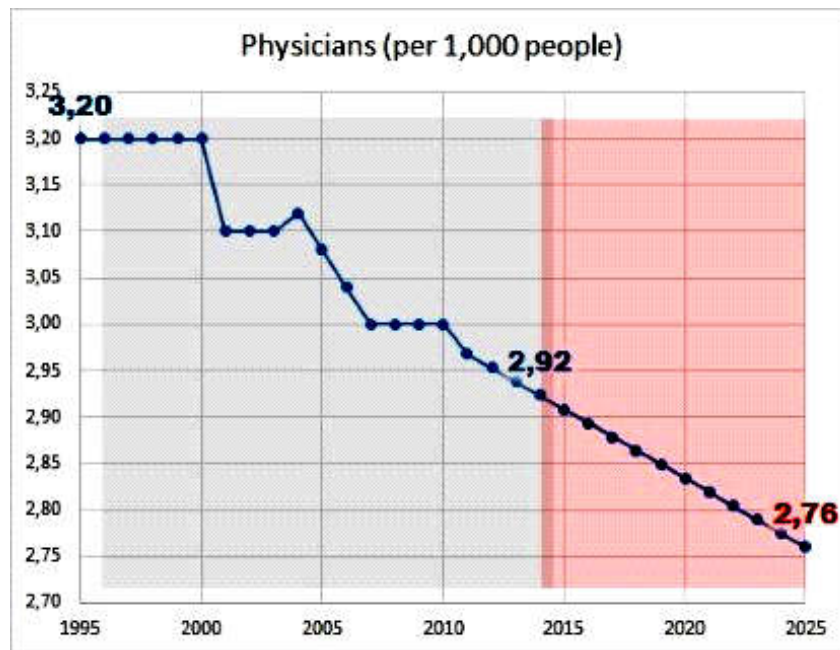


Figure 4. Physicians per 1.000 people (source: V4 SOFI Project calculations)

- The development of population growth is connected with very low fertility rates and negative impacts of transition process.

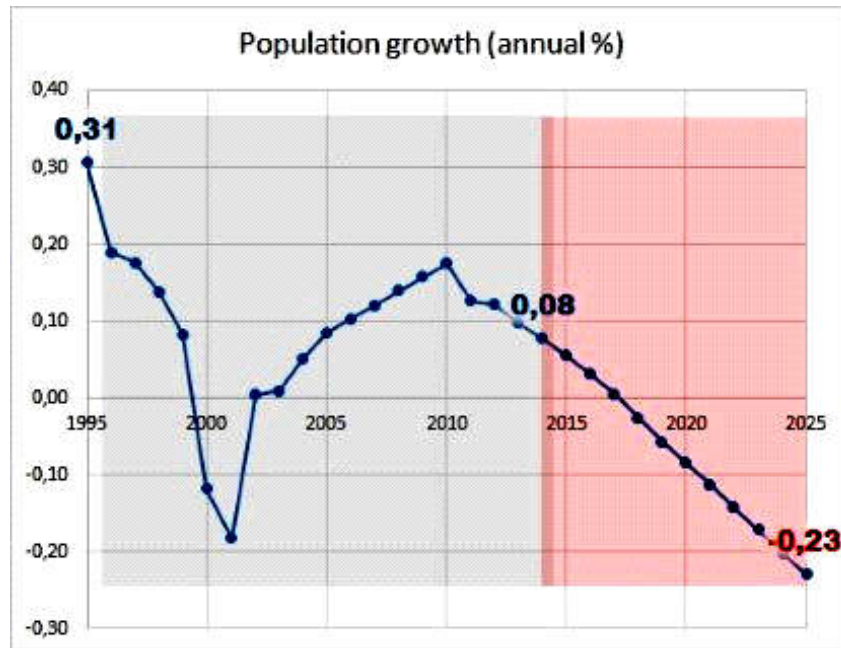
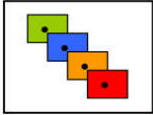


Figure 5. Population growth (source: V4 SOFI Project calculations)

- Very low levels of research and development expenditures as percentage share of national budget is caused by priorities of Slovak economic policy oriented towards support of industrial sector and mainly automotive industry and absence of policy of development of knowledge economy in Slovakia.

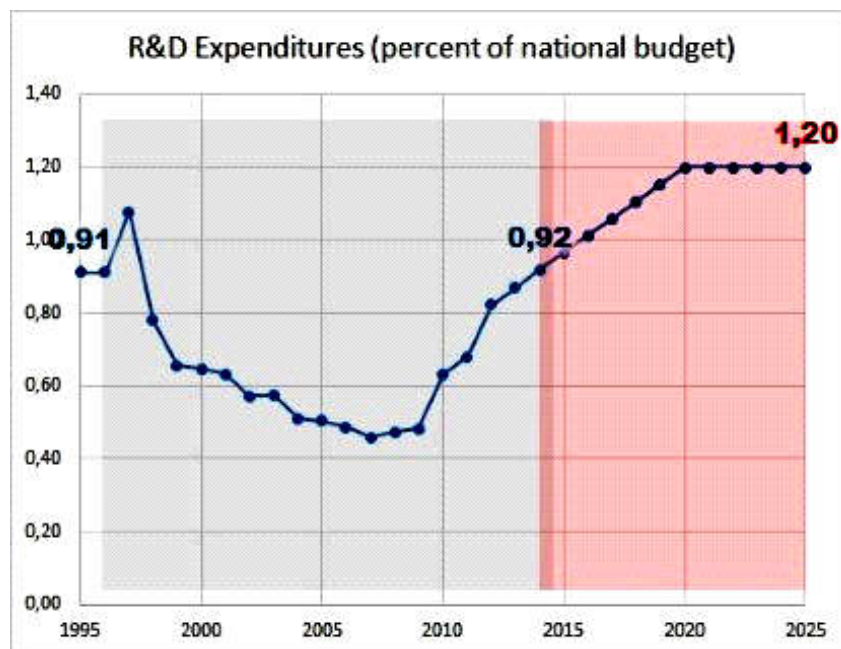


Figure 6. R & D Expenditures (source: V4 SOFI Project calculations)

- Very high unemployment is long term problem of Slovakia and is caused by the specific Slovak way of economic transition and industrial sector as main priority instead of knowledge economy.

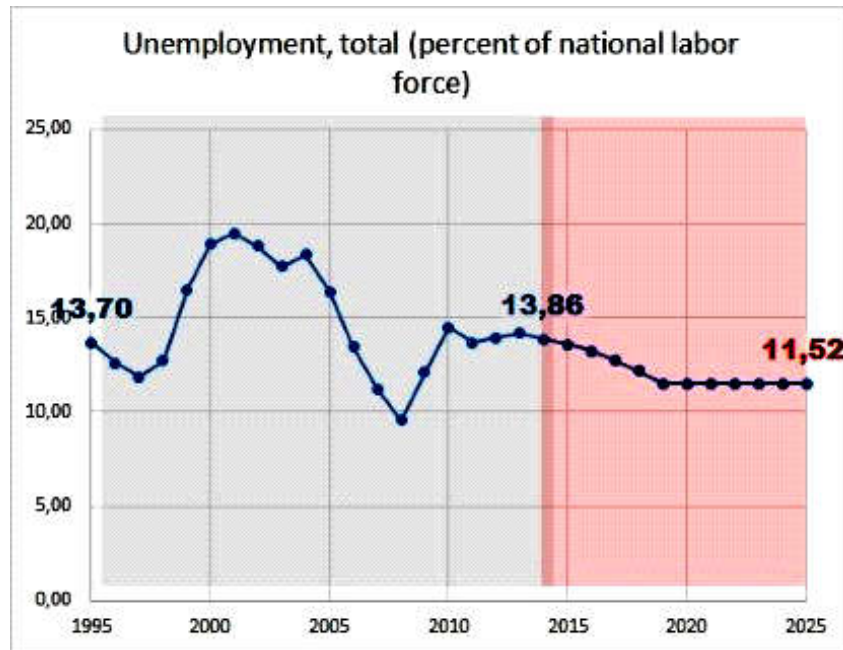
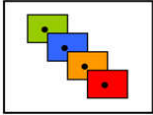


Figure 7. Unemployment total as percent of national labor force (source: V4 SOFI Project calculations)

- The development and growth of general government gross debt as percentage share of GDP is caused by of low competitiveness of Slovak economy and very weak feedbacks within the process of realization of economic policy..

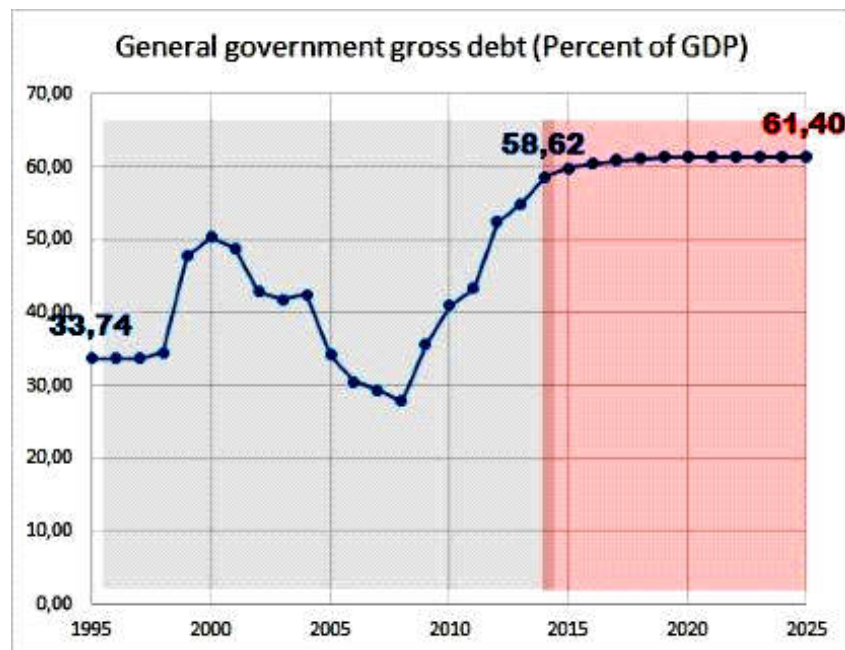
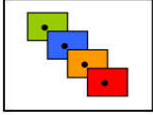


Figure 8. General government gross debt as percentage share of GDP (source: V4 SOFI Project calculations)



Real-time Delphi SOFI

As a part of SOFI calculation and analysis Real-time Delphi was conducted with the goal of assessment projected variables by experts from Slovakia. In the Real-time Delphi participated ten experts. According to these experts the biggest risks and opportunities of projected development we can expected in the following areas:

- GDP per unit of energy use
- Levels of corruption
- Total unemployment
- General government gross debt

Conclusion

Policy implications

The assessment of historic and projected SOFI and also the individual variables shows us following policy implications which can positively improved progress of SOFI for Slovakia:

- Research and development expenditures can be shift to higher level by the creation of the policies supporting development of knowledge economy in Slovakia together with declaration of Research and development as top priorities of economic policy .
- The growing level of corruption can be stopped by the policies of transparency and improvement of legislative process and legal framework with build in the function feedbacks.
- High unemployment rate can be solved by the shift of policy priorities from industrial sector towards education, science, research and development.
- Decreasing number of people voting in elections can be solved by the improvement of policies especially in economy and by making the democracy more genuine.

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