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THE ISSUE OF THE LIVING WAGE IN THE CONTEXT OF POVERTY IN THE CONDITIONS OF THE SLOVAK REPUBLIC AS DEMOCRATIC STATE

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Abstract. Pervasive poverty is an important global problem that seriously affects the quality of life of individuals and families. According to the UN Sustainable Development Goals, the fight against poverty is one of the key tasks for ensuring social justice and economic development. Each country has a responsibility to ensure the well-being of its citizens, including protection from social and material deprivation. In the Slovak Republic, there is an increase in poverty, which is due to the influence of various negative factors and events that affect the social structure of society. This article is devoted to the analysis of the subsistence minimum as a key tool of social assistance in the conditions of changes that have taken place in recent years, with a special emphasis on the election periods of 2016-2020 and 2020-2023. It examines the importance of a living wage in the context of the fight against poverty, which is necessary to ensure basic human rights. The article also defines the factors that should be given special attention in order to improve the subsistence minimum system. Particular emphasis is placed on clarifying the essence and objectives of the last major amendment in the field of living wage, which entered into force in April 2023 in the Slovak Republic. Some political changes in certain election periods are also discussed from the point of view of their influence on the development of the state social assistance system, which includes the institution of the living wage. This article aims to deepen the understanding of the complex interrelationships between poverty, social policy and economic development, with the aim of improving the lives of the citizens of the Slovak Republic and achieving the Sustainable Development Goals in the field of poverty reduction. This work reflects the importance of strengthening social security and ensuring inclusive economic growth, which is critical for the sustainable development of society.

Keywords: democracy, living wage, poverty, Slovak Republic, valorization of the living wage.

JEL Classification: I32, J38

1. INTRODUCTION

Although there are many approaches and ways of characterizing poverty, there is currently no unified and generally valid definition that would consider all its aspects and signs. Poverty as a negative social event affects not only Slovak society. Its occurrence is a worldwide problem, but each country struggles with it to a different degree. For a comprehensive perception and understanding of poverty, it is necessary to look at it as a multidimensional phenomenon. In an effort to define poverty, it is important to emphasize the fact that even the Constitution of the Slovak Republic does not provide a direct specification or provision on poverty as such. Some articles are relevant and connectable to the issue of poverty. An example is Art. 12 par. 1 of the Constitution of the Slovak Republic, which emphasizes equality and equal dignity for all citizens of the Slovak Republic. Art. 39 par. 6 of the

Constitution of the Slovak Republic emphasizes the right to help every citizen who finds himself in material need, to ensure basic living conditions and needs. It is poverty that is a significant obstacle to the application of human rights. Within certain limits, it deprives an individual of freedom and possibilities for self-development, it manifests itself in the present, but it significantly interferes with a person's future as well. Exclusion from access to basic rights to housing, social care, education and work, but also social exclusion in a general sense is closely linked to the issue of poverty (Ministry of the Interior of the Slovak Republic, 2014).

Also, on the basis of the above-mentioned provisions, the necessity of the existence of a tool for the protection of the individual against social and material distress is shown. This becomes the determination of the socially accepted limit of the number of subsistence means and services necessary to satisfy basic human needs at least at a minimum level, and thus the determination of the living wage. The living wage can be considered a fundamental tool of social assistance, with which the state guarantees a solution to poverty and enables basic living conditions to be ensured in some social situations defined by the state (Steiniger & Nohavičková, 2013).

2. THEORETICAL BACKGROUND

2. 1. Democracy, fundamental democratic principles

Democracy can be characterized as a system whose power is derived from the people, is exercised by the people, and serves their interests (Lincoln, 1893). The basic feature of democracy is the participation of the citizens of the state in governing mainly through two forms: direct democracy, which is manifested by direct voting of the people, or representative form of democracy, which is held by elected representatives of the citizens.

In his work entitled "Politics", Aristotle explains that the main principle of democracy is equality, according to which there should be no imbalance between the poor and the rich in society. In a democracy, there is mainly freedom and equality, and everyone should participate in the state in the same way. According to Aristotle, a key pillar of freedom is the fact that every citizen is sometimes the ruler and sometimes they rule. The central force in a democracy is the majority, and therefore what the majority of people decide is absolutely fair. According to Kuljovský (2023), Aristotle's and Plato's view of democracy is critical. He justifies this by the fact that their perception of democracy does not completely coincide with the understanding of today's democracy.

According to INEKO (2017), which in 2016-2017 implemented a project focusing on monitoring the state, quality and development of democracy in Slovakia, the Slovak Republic belongs to the states that are free and predominantly democratic in international comparisons of the quality of democracy. Within the V4, Slovakia ranked ahead of Hungary in the quality of democracy, but lags behind the Czech Republic. In the course of the historical development of society, the basic principles of democracy were established, which must be followed if individual states want to be considered democratic. We emphasize that no democratic state is completely identical compared to another democratic state, but basic democratic principles are supported, accepted and respected in each of them. The bearers of these specific freedoms and principles are primarily civil rights, which are:

1. Voting rights;
2. Freedom of speech;
3. Freedom of media and press;
4. Freedom of assembly and association;
5. Freedom of religion;
6. Freedom of movement (Benn and Peters, 2010).

Every democratic state is obliged to observe the mentioned freedoms. All democratic societies strive to respect and protect the human rights of citizens, values that reflect respect for human life and dignity. In addition to the above, such rights are also the right to education and personal freedom.

2.2. Living wage, its valorization and development since 2016

Several prominent economists, including A. Smith and J. M. Keynes, have already paid attention to the necessity of the existence of a living wage and a minimum wage. They perceived the need to reduce income differences and therefore emphasized the necessity of a fair share of employees in the products created and services provided. Such a share would bring them an acceptable standard of living (Henry 2015).

The fundamental pillar that forms the basis for the formulation of social guarantees in the form of a minimum wage and a living wage is the Universal Declaration of Human Rights and Freedoms (Bednárík et al., 2023).

The living wage can be understood as the socially accepted minimum income limit of a natural person, which, if the natural person does not reach it, finds himself in a state of material need (Ministry of Labor, Social Affairs and Family of the Slovak Republic, 2023). This definition does not only include the needs of food, housing, enough warmth and clothing, but also, at least at a minimal level, points to opportunities for participation in society and social inclusion (Draft concept of living wage, 2009).

In the past, in the conditions of the Slovak Republic, the amount of the subsistence minimum was determined on the basis of a combination in which the share of the subsistence minimum on the average monetary income of the resident was considered. Decisive was the limit of the net cash income of 10% of the poorest households in the state, as well as the minimum consumption basket of goods and services at current prices, which was determined by experts. In the context of the previous calculation, relative and absolute methods were used to determine the level of the living wage. The relative method was dominant.

Currently, the amount of the living wage is adjusted every year on July 1 of the given calendar year, based on the data of the Statistical Office of the Slovak Republic. 2 indicators are assessed, which are:

1. Amount of the coefficient of growth of net cash income per person.
2. The amount of growth in the cost of living of low-income households.

When valorizing the subsistence minimum, the lower of the values of these coefficients is always considered (Bednárík et al., 2023). The amount of the subsistence minimum can only increase or remain unchanged.

Provisions regarding the living wage and matters related to it are governed by Act No. 601/2003 Coll. on the subsistence minimum and on the amendment and supplementation of certain laws and the Measure of the Ministry of Labour, Social Affairs and Family of the Slovak Republic Z.z. on adjusting the amounts of the subsistence minimum.

Tab. 1

Development of the amount of the subsistence minimum in the conditions of the Slovak Republic in the years 2016-2023

Expiration date	The amount of the living wage	Living wage of a second adult	Living wage of a dependent child (or a dependent minor)
01.07.2023	268,88 €	187,57 €	122,77 €
01.07.2022	234,42 €	163,53 €	107,03 €
01.07.2021	218,06 €	152,12 €	99,56 €
01.07.2020	214,83 €	149,87 €	98,08 €
01.07.2019	210,20 €	146,64 €	95,96 €
01.07.2018	205,07 €	143,06 €	93,61 €
01.07.2017	199,48 €	139,16 €	91,06 €
01.07.2016*	198,09 €	138,18 €	90,42 €

Source: own processing according to Páleník data (2023)

*From 2013 to 2016, the amount of the subsistence minimum did not change, in order not to reduce the incomes of Slovak citizens. The reason was the negative development of the coefficient of growth of the cost of living of low-income households.

In the period 2016-2020, the following parties represented the government of the Slovak Republic:

1. SMER – Slovak Social Democracy, which won the 2016 parliamentary elections with a total of 737,781 valid voters' votes, reaching 28.28%.

2. SNS – Slovak National Party received 225,386 valid votes and was the second-strongest political entity in the 2016-2020 government.

3. Most – Híd won the trust of 169,593 voters.

4. SIEŤ as a political entity achieved the fewest votes of all government political entities – 146,205.

The political entities that signed the coalition agreement in 2016 received a total of 1,132,760 valid electoral votes in the 2016 parliamentary elections. The governmental political subjects won a total of 85 mandates, and thus the composition of the coalition did not represent the strength of the constitutional majority (Statistical Office 2016). From the point of view of the political spectrum, we can describe the 2016-2020 government as center-left. The center-left political orientation is characterized by a political approach that emphasizes the importance of equality, social justice and state interventions aimed at equalizing social inequalities and ensuring prosperity for all citizens.

The 2020 parliamentary elections resulted in the following composition of the government coalition:

1. OLANO – Ordinary people and independent personalities, NOVA, Christian Union (KÚ), ZMENA ZDOLA with a total of 721,166 valid electoral votes. (Currently, the political entity is renamed to SLOVAKIA).

2. SME RODINA ranked third overall in the elections and was the second strongest political entity in the government coalition based on 237,531 valid voters' votes.

3. SAS – Freedom and Solidarity (currently renamed SASKA) achieved 6.22% in the elections with 179,246 valid electoral votes.

4. ZA LUDÍ was the political entity in the government with the lowest number of valid electoral votes – 166,325.

After the agreement on the coalition contract in the 2020 parliamentary elections, the coalition partners received a total of 1,304,268 valid electoral votes. The assembled government had 95 mandates, which represented the strength of the constitutional majority (Statistical Office of the Slovak Republic 2020). From the point of view of the political spectrum, the 2020-2023 government belonged to the center-right. The center-right political orientation is characterized by a combination of elements of conservatism and economic liberalism.

The institution of a minimum living wage or a guaranteed minimum income is most widely used in the European Union in aid schemes in material need, but also in the definition of supportive social benefits for low-income persons and families (Bednárík et al., 2023). The amount of the living wage is a very important element in the system of social, health and cash benefits or allowances. The reason for this is the fact that additional benefits are tied to the amount of the living wage and its amount is reflected in several areas of social and health assistance.

One of the areas that is significantly affected by the amount of the subsistence minimum is aid in material need, which includes the benefit in material need, activation allowance, housing allowance and allowance for a dependent child.

The amount of assistance in material needs is determined and changed in the same way as the living wage, and dependence on aid for material needs arises in the event that the incomes of all household members do not reach the amount of the living minimum and they do not know or cannot increase their income.

The living wage also affects family support, which includes benefits and allowances such as parental allowance, child allowance and substitute childcare, allowance at the birth of a child, substitute alimony. The amount of the early retirement pension also depends on the subsistence minimum, as it represents

1.2 times the amount of the subsistence minimum (Výcha, 2023).

In the course of thirty years, during which the institution of the living wage has been applied in Slovakia, its parameters have changed many times. The goal that the living wage is supposed to fulfill, namely ensuring the satisfaction of the basic life needs of an individual (food, clothing, housing), has always remained constant. The change in parameters primarily concerned the methods of calculating the amount of the subsistence minimum. Initially, the calculation itself was changed, which was simplified from two-component to one-component. A significant change was the separation of the subsistence minimum from the calculation of the amount of aid benefits in material need. This step was practical due to the fact that the living wage did not only fulfill the function of the limit of financial assistance for people with insufficient incomes, but also other functions, for example, setting the tax-free minimum income of natural persons. This meant that with the growth of the living wage, on the one hand, the limits of aid in material need were raised, but on the other hand, household taxes were also reduced, as the non-taxable minimum grew (Bednárík et al., 2023).

The latest change in the area of the living wage and aid in material needs is the approved amendment to the Act on Aid in Material Need, which entered into force in April 2023. The goal is mainly more targeted, more efficient and administratively less demanding assistance to persons who depend on it. The amendment is intended to motivate individual aid recipients so that they are no longer dependent on such aid. Part of the amendment to the Act on Assistance in Material Needs is also an adjustment to the valorization mechanism of the subsistence minimum, which will be reflected in the amount of several benefits and contributions. Newly, the amounts of living minimum reflect the real value of the increase in the living costs of low-income households, which they need to spend to ensure basic living conditions (Ministry of Labor, Social Affairs and Family of the Slovak Republic, 2023).

3. DISCUSSION

On the basis of a representative survey carried out by INEKO (2017), we can state that, according to the respondents, the main cause of people's dissatisfaction is the fact that political representatives do not carry out their activities in the public interest, but pursue their own interests or the interests of people close to them, for example from the business sector. Respondents are hindered by the fact that wasteful handling of state property and state funds is not punished, people are not equal before the law and law enforcement in Slovakia is at a low level.

According to Bednárík et al. (2023) in the near future, a more detailed definition of the income situation of the applicant for assistance in material need will be necessary, through the inclusion and non-inclusion of individual types of income. They argue that family and child support is cumulated with aid in material need, which causes the limits of aid in material need do not truly reflect the situation of aid applicants, for example in the case of families with many children who do not only live on benefits of aid in material need, but also from other incomes. In such a case, it is not a matter of determining the poverty line and the necessary assistance, but of applying different claims to different types of support.

4. CONCLUSIONS

Goliaš et al. (2017) based on the results of the aforementioned INEKO survey present a number of recommendations in the area of improving democracy. For better clarity, they divided the recommendations into eleven categories according to which persons they are addressed. For the purposes of this article, the most important recommendations are those addressed to the government and other public authorities. These are the fight against corruption, thorough investigation of corruption cases and cases related to the abuse of public power, support of the independence and expertise of control and regulatory authorities. Reform the judiciary, strengthen the independence of the police, prosecutor's office and courts. Focus more thoroughly on improving the quality of public services,

especially education and healthcare, and improve the business environment. Last but not least, the recommendations include the removal and elimination of poverty, social exclusion and regional disparities through several intervention measures (reduction of contributions for people with low incomes, ensuring a more significant convergence of social benefits and income from work so as to eliminate illegally performed work, increasing qualifications of the long-term unemployed, increasing the availability of health care, preschool education and education of marginalized groups of the population). The recommendations also include increasing transparency in public administration.

The package of recommendations was also dedicated to all people in our company, we can include involvement in matters of public and public interest at the national, but also regional and local levels. To discuss within the limits of arguments, respect for different opinions, not spread hatred, trying to find understanding and common starting points for the discussed topics. Critical thinking and evaluation of the obtained information is also important for the general public.

The goal of the Office of the Government of the Slovak Republic (2023) is to better set up the system of valorization of the minimum living wage and social benefits linked to it. Based on the analyzed facts, it therefore proposes key steps that should be implemented to make the valorization system more efficient:

a) tie the living wage to the relative poverty threshold calculated by the Statistical Office of the Slovak Republic. Such a change requires the acceleration of the processes by the Statistical Office of the Slovak Republic, so that the results of the investigation are published regularly by the end of April at the latest;

b) create a mechanism of extraordinary valorization within two months of an increase in the price level by more than 5% compared to the last period of increase in the living wage (similar to the case of pensions);

c) in the event of deflation or another reduction in the population's income and thus the relative poverty line, the living wage and social benefits would not be reduced, but neither would they be increased until the relative poverty line is further increased.

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Лачитова Олена, Леготай Пандова Іванна. Питання прожиткового мінімуму в контексті бідності в умовах Словацької Республіки як демократичної держави. *Журнал Прикарпатського університету імені Василя Стефаника*, **11** (2) (2024), 17-23.

Поширена бідність є важливою глобальною проблемою, що серйозно впливає на якість життя індивідуальних осіб та сімей. Відповідно до Цілей сталого розвитку ООН, боротьба з бідністю є одним із ключових завдань для забезпечення соціальної справедливості та економічного розвитку. Кожна країна має відповідальність за забезпечення добробуту своїх громадян, включаючи захист від соціальних та матеріальних нестатків. У Словацькій Республіці спостерігається зростання бідності, що обумовлене впливом різних негативних чинників і подій, які впливають на соціальну структуру суспільства. Дана стаття присвячена аналізу прожиткового мінімуму як ключового інструменту соціальної допомоги в умовах змін, що відбулися в останні роки, з особливим акцентом на виборчі періоди 2016-2020 та 2020-2023 років. Вона розглядає значення прожиткового мінімуму у контексті боротьби з бідністю, яке є необхідним для забезпечення основних прав людини. Стаття також визначає фактори, яким слід приділяти особливу увагу з метою удосконалення системи прожиткового мінімуму. Особливий акцент робиться на роз'ясненні сутності та цілей останньої великої поправки у сфері прожиткового мінімуму, яка набула чинності у квітні 2023 року в Словацькій Республіці. Деякі політичні зміни в окремі виборчі періоди також обговорюються з точки зору їх впливу на розвиток системи державної соціальної допомоги, до якої відноситься і інститут прожиткового мінімуму. Стаття спрямована на поглиблене розуміння складних взаємозв'язків між бідністю, соціальною політикою та економічним розвитком, з метою покращення життя громадян Словацької Республіки та досягнення Цілей сталого розвитку у сфері боротьби з бідністю. Дана робота відображає важливість зміцнення соціальної захищеності та забезпечення інклюзивного економічного зростання, що є критичним для стійкого розвитку суспільства.

Ключові слова: Демократія, прожитковий мінімум, бідність, Словацька Республіка, валоризація прожиткового мінімуму.