

Socio-Economic Inequalities and Fiscal Sustainability: Evidence from Slovakia and the European Union

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ABSTRACT

Growing socio-economic disparities are increasingly viewed not only as a social concern but also as a factor undermining effective economic governance. In this paper we explore, how poverty and unequal health outcomes influence the long-term stability of public finances. We use the case study of Slovakia and benchmark it against European trends. Based on statistical evidence from Eurostat, the Slovak Statistical Office, and the World Health Organization, our analysis highlights that increased levels of poverty risk, premature and avoidable deaths, and regional health gaps create mounting fiscal pressures through higher healthcare expenditures, reduced labor market participation, and productivity losses that may persist across generations. The study demonstrates that neglected inequalities in marginalized communities, including Roma settlements, translate into significant economic costs. Addressing these costs requires moving beyond welfare approaches towards integrated policies that connect social inclusion with efficient resource management in health and social systems. Thus, inequality reduction represents an economic imperative. From this perspective, the paper contributes to the debate on how countries can enhance resilience and fiscal sustainability in the face of current demographic and social challenges.

Keywords: economic policy; fiscal sustainability; governance; health disparities; inequality