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ANTI-CRISIS FISCAL POLICY IN THE FACE OF THE COVID-19 PANDEMIC AND THE ENERGY CRISIS AND ITS CONSEQUENCES

Summary

The aim of the article is to diagnose the differences in the anti-crisis fiscal policy in 2020-2022 conducted by the governments of Polish, Czech, Hungarian and Slovak during the COVID-19 pandemic crisis and the energy crisis. The following research questions were asked:

1. What was the fiscal situation of Polish, Czech, Hungarian and Slovak countries after the pandemic and energy crisis at the end of 2024, considering the level and ratio of the deficit and debt of the general government sector to GDP?
2. What fiscal policy measures have the governments of Poland, the Czech Republic, Hungary and Slovakia taken during the pandemic and energy crisis and what was their scale? Which of the countries incurred the lowest and largest costs in relation to GDP?

The results of the empirical analysis indicate that at the end of 2024, i.e. after the pandemic period and the energy crisis, the best fiscal situation was in the Czech Republic, as evidenced by the lowest debt-to-GDP ratios

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and general government deficits. Hungary was in the worst situation, with its indicators clearly exceeding the permissible standards applicable in the European Union (general government deficit of 5.1% of GDP and general government debt of 75.8% of GDP).

During the periods of crisis analyzed, the governments of Poland, the Czech Republic, Hungary and Slovakia took many similar measures to correct them. Hungary incurred the largest expenditure on counteracting the effects of the COVID-19 pandemic in relation to GDP. In turn, the Czech Republic spent the largest expenditure on measures to counteract the energy crisis in relation to GDP, and Hungary the least. The main sources of data were the online databases of Eurostat, the European Central Bank, NATO and Bruegel.

JEL classification codes: H30, E6.

Keywords: anti-crisis fiscal policy, COVID-19 pandemic, energy crisis.

Paper type: Empirical research article.

Introduction

In the event of an economic crisis causing a downturn and a slowdown in economic development, there is a need to take specific measures to overcome difficulties. The solution to this problem is to apply, among others, an anti-crisis fiscal policy (Prokopowicz, 2023).

Measures taken as part of the anti-crisis fiscal policy should contribute to limiting the effects of the crisis in such a way as to maintain the long-term sustainability of public finances, which is the basis for socio-economic development (A. Alińska, 2016). The actions taken should not create any additional threats or risks, for the public finance sector. When deciding on specific fiscal policy measures, the country's macroeconomic situation, changes in debt securities yields and the cost of financing public debt should be considered.

An additional problem during crises may be the increase in systemic risk resulting from the market's assessment of the situation. As noted by DJ Gajewski, P. Karwat, A. Olczyk, A. Werner and J. Wierzbicki (2021), the experience to date related to the outbreak of the global financial crisis has undoubtedly prompted governments to adopt a more interventionist attitude of conduct their policy in crisis conditions.

In recent years, there have been two major macroeconomic shocks. The first shock concerned the outbreak of the COVID-19 pandemic in 2020 and the related disruptions of supply chains, and the second was related to the increase in energy commodity prices because of the outbreak of war in Ukraine in February 2022.

The aim of the article is to diagnose the differences in the anti-crisis fiscal policy pursued in 2020-2022 by the governments of Poland, the Czech Republic, Hungary and Slovakia during the COVID-19 pandemic crisis and the energy crisis. The following research questions were asked:

1. What was the fiscal situation of Polish, Czech, Hungarian and Slovak countries after the pandemic and energy crisis at the end of 2024, considering the level and ratio of the deficit and debt of the general government sector to GDP?
2. What fiscal policy measures have the governments of Poland, the Czech Republic, Hungary and Slovakia taken during the pandemic and energy crisis and what was their scale? Which of the countries incurred the lowest and largest costs in relation to GDP?

1. Review of theoretical literature

The COVID-19 epidemic has caused many negative social and economic effects around the world. SR Baker, N. Bloom, SJ Davis, and SJ Terry (2020) take the view that the COVID-19 pandemic caused even more uncertainty than the global financial crisis of 2008-2009, and even compare it to the uncertainty during the Great Depression of 1929-1933. In turn, K. Czech, A. Karpio, M. Wielechowski, T. Woźniakowski and D. Żebrowska – Suchodolska (2020) indicate that the COVID-19 epidemic has contributed to increased anxiety among consumers, due to the fear of infection, as well as to a change in the mood of entrepreneurs.

F. Grądalski and M. Guzikowski (2020) indicate that the pandemic was an external shock related to the collapse of liquidity on the demand and supply side in connection with the introduction of administrative restrictions on economic activity. This was the reason why there was a collapse of liquidity in the real economy, i.e. in the corporate and household sectors. The introduction of restrictions has had the greatest impact on industries that depend most on human contact. Among them, tourism and hospitality, culture and entertainment, transport and other services should be distinguished. Reduced demand for services contributed to a decrease in their supply in the economy, which translated into a decrease in GDP. At the same time, the supply chain was also interrupted. Therefore, governments decided to take specific actions in fiscal policy, which, along with monetary policy, is the main component of the economic policy of each country.

As part of fiscal policy, many actions can be taken with the use of adequate instruments indicated in the literature on the subject. According to A. Przybylska-Mazur (2015, p. 69), "fiscal policy includes the government's decisions on the size and structure of public spending and the budget deficit". W. Zembura (2006, p. 218), points out that "fiscal policy is the policy of the state implemented with the use of tools for collecting public revenues, as well as the determination of directions and methods of implementation of public expenditure to achieve

strictly defined social and economic goals. According to the definition of S. Owsiak (2017, p. 489), fiscal policy is "the activity of the state consisting in the use of fiscal instruments, i.e. taxes and other public levies, and incurring public expenditures". In addition, fiscal policy also consists in "the use of budget deficits, public debt, guarantees and certainties granted to business entities, etc. to achieve the specified objectives". Z. Fedorowicz (1998, p. 7) points out that fiscal policy consists of several segments, among which the following should be distinguished: budget policy, special purpose fund policy and non-budget economy.

As for fiscal policy objectives, they are divided into two groups, i.e. fiscal and non-fiscal objectives (M. Sobol, 2024, p. 235). M. Dynus (2007, p. 13) considered the main goal of fiscal policy to be "supporting the economic development of the country, as well as striving to maintain sustainable and stable economic growth". On the other hand, I. Popa and D. Codreanu (2020) indicate that the main task of fiscal policy in the case of developed economies is to maintain a full level of employment and stabilize economic growth, and in the case of developing countries, properly directed fiscal policy is to create the right conditions for achieving rapid economic growth. A responsibly conducted fiscal policy contributes to increasing macroeconomic stability and enables long-term fiscal stability, which increases investor confidence in the economy and promotes economic growth (Działo, 2012). According to the Keynesian trend, the goal of anti-crisis fiscal policy is usually to stimulate demand by increasing the budget deficit, as indicated by, among others. K. Kalinowska (2013) and others.

2. Review of anti-crisis measures

With the outbreak of the COVID-19 pandemic, governments have had to take specific measures to mitigate the detrimental effects of the shock to the economy and to develop solutions to emerging social problems.

According to IMF (2025a, b) and ECB (2025) data, of the four countries analyzed, Poland incurred the largest nominal expenditure in connection with the outbreak of the COVID-19 pandemic, which amounted to USD 38.5 billion (EUR 35.6 billion). Slovakia spent the least on this spending, i.e. US$6.3 billion (EUR 5.8 billion). On the other hand, in terms of the ratio of anti-pandemic expenditure to GDP, the highest expenditure was incurred by Hungary, whose anti-crisis package amounted to 11.5% of GDP. Lower expenditures were observed in Poland, which amounted to 4.5% of GDP (Table 1).

In terms of anti-crisis solutions, the surveyed countries showed many similarities. Countries incurred expenditures primarily on:

- providing medical care,
- weight subsidies,
- increasing or introducing social benefits and other benefits,
- periodic exemptions of enterprises from paying social security contributions,
- tax exemptions or reductions or special reliefs,
- supporting the industries most affected by the crisis by introducing subsidies or a moratorium on loans,
- other various measures to improve the liquidity of companies.

As D. Prokopowicz (2022) observed, because of the rapid recovery from the recession of economies around the world, the prices of energy and industrial raw materials began to rise as early as 2021. This process was exacerbated by Russia's invasion of Ukraine, which took place on February 24, 2022, about two years after the outbreak of the epidemic. The war in Ukraine has contributed to an increase in fossil fuel prices on energy commodity exchanges, which has also translated into an increase in electricity prices. This was reflected in the increase in the prices of products and services, which was associated with an increase in inflation. Many countries have provided military support and humanitarian aid to Ukraine, and economic sanctions have been imposed on Russia, which has exacerbated supply chain disruptions (Kosztowniak, 2023) and strongly affected the situation in the energy sector. The combination of expansionary monetary and fiscal policies at the time created inflationary pressures on a scale not seen in decades (OECD, 2023).

Table 1. Main measures of the anti-crisis fiscal policy related to the outbreak of the COVID-19 pandemic

	Countermeasures taken	Total aid (billion)
Poland	• increasing support for health care in the form of investments in infrastructure, telemedicine and digitization; • wage subsidies for enterprise employees up to 40% of the average wage; • introduction of childcare allowance due to school closures; • introduction of a monthly allowance for self-employed people; • introduction of a solidarity allowance for people who lost their jobs after 15 March 2020, which was paid for 3 months (between June and August 2020); • increasing unemployment benefits by 39% for the first 90 days of unemployment; • providing guarantees and wage subsidies; • granting liquidity loans by the Polish Development Fund for enterprises affected by the lockdown (largely non-repayable aid); • introduction of subsidies to interest on bank loans under the BGK Interest Subsidy Fund; • coverage by the state budget of 100% or 50% of social security contributions for micro and small enterprises in crisis-affected industries for 3 months; • refraining from collecting PIT and CIT taxes on liquidity loans obtained under the Financial Shield of the Polish Development Fund; • expanding the group of entrepreneurs entitled to taxation at a lower CIT rate of 9%; • introduction of "Estonian CIT"; • exemption from VAT on import and intra-Community acquisition of goods that were to be donated to the Material Reserves Agency, the Central Sanitary and Anti-Epidemic Reserves Database and single-purpose hospitals; • VAT reduction on medicinal products, biocidal products, COVID-19 medicines and vaccines, and donations to the health service; • exemption from excise tax on coal products; • suspension of market fee collection; • introducing the possibility of exemption from real estate tax by local governments for entrepreneurs who have suffered losses as a result of the outbreak of the COVID-19 epidemic; • exemption from tax on income from buildings; • introducing a PLN 500 voucher for all teachers for IT equipment used for distance learning; • leasing subsidies in the transport industry; • co-financing by the Industrial Development Agency for the costs incurred for the restructuring of enterprises; • introducing the possibility of carrying forward losses from 2020 to tax returns in 2019 or 2020; • introduction of a tourist voucher of PLN 500 for each child eligible for the 500+ Programme (the voucher could only be used in Poland); • creation of a COVID Fund worth PLN 100 billion to counteract the negative effects of the pandemic; • allocating additional funds for public investment in road and rail infrastructure and supporting companies managing airports; • support for local government investments under the Government Local Investment Fund in the amount of PLN 12 billion.	$ 38.50 (approx. 35.6 EUR)* (4.5% of GDP)

Continued Table 1.

	Countermeasures taken	Total aid (billion)
Hungary	• allocation of approximately HUF 245 billion to healthcare; • abolition of social security contributions for companies most affected by the crisis; • periodic reduction of health insurance contributions; • exemption of small enterprises (mainly from the services sector) from corporate income tax, deferral of income tax payments in the case of enterprises from industries most affected by the crisis; • introduction of tax relief for media due to losses in advertising revenues; • suspension of tax arrears collection procedures for the duration of the state of emergency; • wage subsidies; • creation of the Anti-Epidemic Protection Fund and the Economy Protection Fund aimed primarily at protecting jobs and industries most affected by the crisis; • introducing support for enterprises producing for export through the state-owned Exim Bank (investment subsidies, preferential working capital loans and a guarantee and insurance system); • purchase of bank bonds by the government up to HUF 150 billion; • introduction of interest-free loans for SME sector companies, • payment of additional pension.	$17.8 (approx. 16.4 EUR)* (11.5% of GDP)
The Czech Republic	• purchase of medical equipment, vaccines and tests; • debt relief for hospitals; • bonuses for employees of the public sector, hospitals, emergency services and health control stations; • financing of the salaries of employees of restricted industries by 80% up to CZK 39,000/month, which was later extended to 100% up to CZK 50,000/month; • introduction of a care allowance for parents of children up to 13 years of age; • introduction of an allowance for self-employed people caring for children under 13; • covering 50% of rent costs for companies renting office space; • introducing programmes supporting sports, culture, tourism, transport, agriculture and other sectors subject to restrictions; • introduction of a one-off cash benefit for pensioners in the amount of CZK 5,000; • introducing the possibility of reducing the tax base in 2018 and 2019 in connection with the introduction of a state of emergency in 2020 and the resulting losses; • introducing a support subsidy for the self-employed, small businesses and contractors; • reduction of the effective personal income tax rate and increase of tax reliefs; • reduction of road tax for trucks; • temporary suspension of collection of solidarity tax from companies; • introduction of a temporary exemption for employers employing up to 50 employees from the obligation to pay social insurance contributions; support in the form of salary compensation was granted after meeting certain conditions;	$ 22.6 (approx. 20.9 EUR)* (9.2% of GDP)

Continued Table 1.

	Countermeasures taken	Total aid (billion)
The Czech Republic	• introduction of an allowance for employees in quarantine in the amount of CZK 370 per day; • VAT rate reduction to 10% for services related to accommodation, sports and cultural services • reduction of the road tax rate for vehicles over 3.5 tonnes and reduction of excise duty on diesel fuel; • abolition of real estate acquisition tax; • introduction of extraordinary accelerated depreciation of assets acquired in 2020 and 2021 and an increase in the depreciation limit for tangible fixed assets; • deferment of advance payments for social security and health insurance contributions for a period of 6 months for the self-employed; • the provision of interest-free loans in the amount of CZK 0.9 billion by the Czech National Development Bank, the remaining support was covered by state guarantees for loans from commercial banks under the COVID I programme; • providing guarantees for the SME sector worth a total of CZK 500 billion under the COVID III programme, as well as other guarantees under the COVID II and COVID Plus programmes, aimed at travel agencies and the sports and other industries. • introducing a moratorium on bank loans for 6 months; • waiver of penalties for failure to pay property tax and late submission of tax returns.	$ 22.6 (approx. 20.9 EUR)* (9.2% of GDP)
Slovakia	• increased spending on medical care; • introducing wage compensation for companies and self-employed people affected by the crisis, as well as subsidies for people without an income; • increasing unemployment benefits, sickness benefits and care benefits; • introducing a periodic exemption from paying social security contributions for businesses and self-employed persons; • reducing the requirements of the Labor Code and administrative burdens on enterprises; • deferment of PIT and CIT tax payments in the event of a drop in revenues by more than 40%; • moratorium or rent subsidies; • launch of the state guarantee program; • introducing the possibility of deferring loan repayment for a period of up to 9 months for individuals, self-employed persons and SMEs; • introduction of temporary protection for companies against creditors.	$6.3 (approx. 5.8 EUR)* (5.9% of GDP)

Source: Own study based on: IMF (2025), Gajewski et. al. (2021), Kacperska et. al. (2023), ECB (2025a). *own calculations based on ECB data, value in EUR calculated on the basis of the average USD/EUR exchange rate in 2024, 1 USD = 0.9239 EUR;

In turn, in terms of expenditure on limiting the negative effects of the energy crisis, based on calculations from the Bruegel (2025) and ECB (2025) databases, it results that the highest expenditure was incurred by Poland (EUR 12.4 billion, i.e. approx. USD 13.4 billion) and the lowest by Hungary (EUR 2.7 billion, i.e. approx. USD 2.9 billion).

The value of aid for counteracting the energy crisis in relation to GDP was the highest in the Czech Republic and Slovakia (both 3.8% of GDP) and the lowest in Hungary (1.7% of GDP) (Table 2).

Table 2. Main anti-crisis fiscal policy measures in connection with the energy crisis

	Remedial measures taken	Total value of aid (in billion)
Poland	• introduction of a protective supplement for households; • introduction of the Anti-Inflation Shield 1.0., including: reduction of excise tax on fuel to the minimum permitted by the EU and electricity to 0%, as well as reduction of VAT on gas from 23% to 8% and electricity from 23% to 5%, a 0% tax rate on retail sales of fuels was introduced, and a protective supplement for the poorest households was implemented, ranging from PLN 400 to PLN 1,150; • introduction of the Anti-Inflation Shield 2.0., including: a reduction of VAT on fuel to 8%, 0% VAT on basic food products and natural gas, as well as an extension of the 5% VAT reduction on electricity, a reduction of VAT on heat, 0% VAT on fertilisers, and a reduction of gas tariffs for public utility institutions and housing communities and cooperatives; • Anti-Putin Shield including: 8-month credit holidays, a change in the interest rate on credits, subsidies from the Borrower Support Fund in the amount of PLN 2,000/month and a reduction of the personal income tax from 17% to 12%; • introduction of a solidarity tax on excess profits for energy and coal companies; • introduction of the “Moje głowy” (My Heat) programme, under which it was possible to obtain a subsidy and install heat pumps in new houses with a higher energy standard of buildings; • reduction of excise tax on light diesel fuel; • introduction of a one-off coal allowance of PLN 3,000 for households whose main source of heating is coal or coal-based fuels containing at least 85% hard coal; • reduction of electricity and gas tariffs to a specified limit for households, businesses and public utilities; • introduction of a VAT refund for households using gas heating up to a certain average monthly income per person; • reducing heating and hot water charges for households and public utility institutions.	12.4 EUR (approx. $13.4)* (2.2% of GDP)

Continued Table 2.

	Remedial measures taken	Total value of aid (in billion)
Hungary	• introduction of a cap on petrol and gas prices of HUF 480; • providing a non-refundable subsidy for small petrol stations in the amount of HUF 20/litre of petrol and exempting all petrol stations from the obligation to maintain energy efficiency; • reduction of excise duty by 20 HUF/litre; • reducing electricity and gas prices for households; • an increase in the maximum amounts of support for: undertakings active in the agricultural sector at EUR 62 000, undertakings active in the fisheries and aquaculture sectors at EUR 75 000 and undertakings active in all other sectors; • introduction of a programme under which households could obtain firewood from state forest farms at a price of HUF 30,000 for a maximum of 10 m3 ^{of} wood; • the introduction of the "Factory Rescue Programme", under which the government provided 25 companies with funds totalling HUF 27.5 billion for investments in energy efficiency; • periodic coverage of electricity costs for SMEs in the tourism and processing industries; • introduction of temporary price limits on selected food products; • introduction of a tax on windfall profits for energy companies.	2.7 EUR (approx. $2.9)* (1.7% of GDP)
The czech republic	• exemption of electricity and gas bills from VAT; • exemption of households and holiday homes from fees for electricity from renewable sources; • introducing discounts on electricity bills with direct payments for low-income families, pensioners and retirees; • introduction of support for enterprises in the form of a 0% interest guarantee to cover operating costs within the framework of Guarantee Program for 2015–2023 through the National Development Bank in the event of a 100% increase in electricity bills; • introducing electricity subsidies for households and businesses and covering fees for electricity from renewable energy sources; • reduction of regulated prices for electricity and gas and provision of compensation to energy suppliers; • introduction of a 60% tax on windfall profits for energy companies and banks • provision of credit support to the energy company ČEZ by the Czech Ministry of Finance in the amount of EUR 3 billion to ensure the company's liquidity; • temporary reduction of excise tax on petrol and diesel by CZK 1.5/litre; • abolition of road tax for passenger cars, buses and trucks up to 12 t.	9.2 EUR (approx. $10)* (3.8% of GDP)

Continued Table 2.

	Remedial measures taken	Total value of aid (in billion)
Slovakia	• reduction in electricity tariffs; • support for companies in the form of compensation for electricity and gas bills totalling EUR 360 million (maximum EUR 500,000/month per company) and compensation for public utilities totalling EUR 200 million (maximum EUR 200,000/month per entity); • reduction of fees for the distribution of electricity on the unregulated market; • reducing heating and gas bills for households; • introduction of a tax on extraordinary profits for producers of electricity with a capacity of 0.9 kW and energy suppliers; • introduction of a one-off child benefit of 100 euros; • increasing family benefits and increasing tax relief for families with children; • acceleration of payment of the 13th pension; • providing subsidies for social services; • a one-off increase in the allowance for a newborn child.	3.7 EUR (approx. $4)* (3.8% of GDP)

Source: Own study based on: Bruegel (2025); Sklenář (2023); ECB (2025a). *own calculations based on ECB data, USD value calculated on the basis of the average EUR/USD exchange rate in 2024, 1 EUR = 1.0824 USD.

It is worth noting that although the Visegrad Group countries used different tools in response to the energy crisis, in many cases the same solutions were introduced. All countries used:

- tax on excess profits, which was paid mainly by companies from the energy and coal sectors,
- aid mechanisms for households and businesses in the form of compensation, price caps, subsidies or tariff reductions in connection with increased gas, electricity and heating bills,
- in addition, Poland, the Czech Republic and Hungary reduced VAT or excise duty on fuels,
- and Hungary even introduced price caps for petrol and diesel, although this ultimately contributed to increased demand and led to shortages at petrol stations, so the price cap was quickly lifted (Sklenář, Łoskot- Strachota, Oravcova , Kotek & Takácsné Toth, 2023).

3. Overview of the economic situation and the effects of the crisis

3.1. Changes in GDP growth rate

In order to assess the consequences of the discussed crises, i.e. the pandemic and the energy crisis, based on Eurostat and NATO data and Bruegel analyses, the most important macroeconomic indicators for the period 2018-2024 were compiled, i.e.

- GDP (%)

- electricity and gas prices for businesses and households (in EUR per kWh)
- general government deficits/surpluses (in % of GDP)
- defence expenditure (in % of GDP)
- general government debt (in % of GDP).

The analysis of the impact of the COVID-19 pandemic on changes in the GDP rate in the Visegrad Group countries in 2020 shows that the strongest decline in growth occurred in the Czech Republic (-5.3%) and Hungary (-4.5%), with weaker declines in Poland (-2.0%) and Slovakia (-3.3%). The recovery processes were most noticeable in 2021[3] in Hungary (7.1%) and Poland (6.9%), with weaker growth in Slovakia (4.8%) and the Czech Republic (4.0%).

According to A. Wildowicz – Szumarska (2021), the reaction of fiscal authorities in the event of unpredictable and extraordinary events in the economy called black swans (*black swan*), plays an important role in the functioning of households and enterprises. The situation forced governments to introduce expansionary fiscal policy, in conditions of almost zero interest rates. Protective measures for enterprises operating in industries covered by the so-called *lockdown,* which contributed to the protection of jobs, were of particular importance in mitigating the effects of the pandemic (Kacperska, Gomółka, Kasprzak, Łukasiewcz & Wróblewski, 2021).

In 2022, the positive GDP growth rate was maintained, although it was already lower than in 2021. The highest GDP growth was achieved by Hungary (5.6%) and Poland (4.6%). In 2023, a significant decline in GDP was recorded in all the countries studied. This was most noticeable in the Czech Republic (-0.1%) and Hungary (-0.9%), which fell into recession. The decline in GDP in 2023 was the result of the turbulence that occurred after the Russian attack on Ukraine, affecting many EU countries. It resulted from a decline in domestic consumer and foreign demand, primarily German and Scandinavian (Gołębiowska & Jóźwik, 2023) (Table 3).

Table 3. GDP dynamics in 2018-2024 (in %)

	2018	2019	2020	2021	2022	2023	2024*
Poland	5.9	4.5	-2.0	6.9	4.6	0.2	4.0
Hungary	5.4	4.9	-4.5	7.1	5,6	-0.9	1.3
The czech republic	2.8	3.6	-5.3	4.0	2.8	-0.1	0.6
Slovakia	4.0	2.5	-3.3	4.8	1.9	1.6	2.1

*data for Q2 Source: Own study based on: Eurostat (2025a); Eurostat (2025b)

[3] High GDP growth in 2021 were effect low (or negative) base in 2020.

3.2. Conditions and changes in electricity and gas prices

In the context of energy security and the reasons for the outbreak of the energy crisis, several important conclusions are provided by a review of the literature. As emphasized by L. Elak , A. Chrząszcz, S. Żurawski and N. Urbańska (2022), the goal of each country should be to ensure energy security, because energy supply plays an important role in achieving economic development. D. Katarzyński and G. Przekota (2024) add that the stability of energy markets is crucial for achieving economic growth and price stability. Supply and demand shocks in the form of the COVID-19 pandemic and the war in Ukraine contributed to the emergence of market fluctuations in the energy carrier market. In turn, G. Gałek (2023) noted that with the outbreak of the war in Ukraine, the topic of energy security gained even more importance. He drew attention to the high dependence of European Union countries on energy resources from Russia. P. Orłowska (2024), on the other hand, indicated that Russia uses energy as a weapon, which is why the diversification of supplies has become a priority task for European countries.

It is worth adding that the European Union decided to impose sanctions on Russia, which also hit its energy sector. Among others, the following were introduced:

- price ceiling for sea transport of crude oil and petroleum products,
- bans on the import of Russian crude oil, petroleum products, coal, LPG and the re-export of LNG (European Council , EU sanctions against Russia, 2025).

According to Eurostat's publication, EU energy mix and import dependency (2025) Slovakia and Hungary were among the top three analyzed European Union member states that were most dependent on energy imports from Russia in 2020. The demand for imports of Russian energy resources was, respectively, in the case of:

- Slovakia 57.3%,
- Hungarian 54.2%,
- Polish 35%
- Czech 23.7%.

The reasons for the increase in electricity prices were explained by, among others, M. Korczan (2023), who mentioned among the probable reasons, among others, the economic recovery after the pandemic, which increased the demand for energy. He pointed out that during the so-called *lockdowns* , the demand for energy decreased, which resulted in a slowdown in its production. In addition, the supply chain was broken, which delayed investments in new deposits or new mining walls, which, combined with the recovery of the economy after the pandemic (supported by various types

of government aid in the form of social transfers and protective measures), contributed to supply shortages of energy resources, which contributed to the increase in their prices. In turn, G. Ancyparowicz (2024) also indicated that the increase in energy prices was intensified by Russia's invasion of Ukraine in February 2022.

Eurostat data on electricity prices for enterprises in the Visegrad Group countries examined show that after a growth phase from 2021 in all countries, the highest rates in 2023 were recorded in Hungary (Figure 1.)

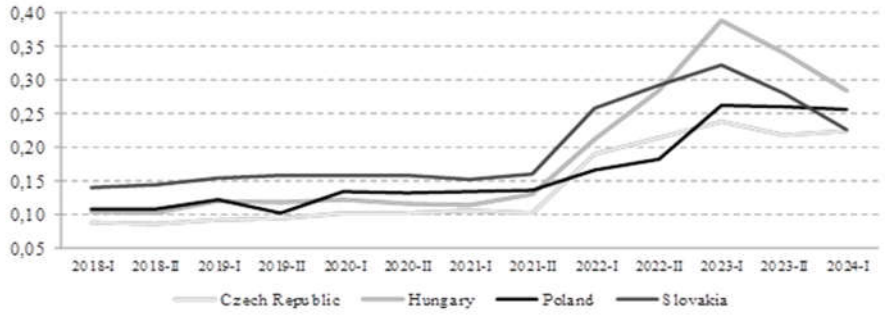

Figure 1. Electricity prices for companies in 2018-2024 (in EUR per kWh; energy consumption from 500 MWh to 1,999 MWh)
Source: Own study based on: Eurostat (2025c)

In the case of electricity prices for households, they have been rising since the second half of 2022. In the first half of 2024, these prices in the Czech Republic were about three times higher than the lowest prices in Hungary (Figure 2).

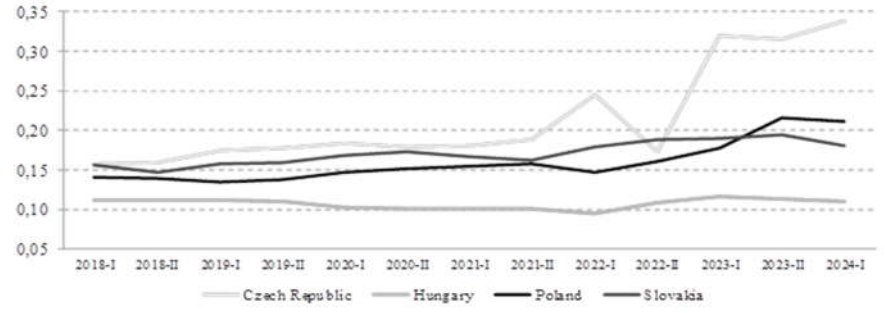

Figure 2. Electricity prices for households in 2018–2024 (in EUR per kWh; energy consumption from 2,500 kWh to 4,999 kWh)
Source: Own study based on: Eurostat (2025d)

In addition to changes in electricity prices on global markets, there was a significant increase in oil prices. As K. Pronińska (2023) recalled, Russia's aggression against Ukraine caused, among other things, a shock on the gas market, which was associated with an increase in its prices. Until about the first half of 2022, gas prices for companies were more or less at a similar level, but after the outbreak of the war in Ukraine, they increased significantly, including prices in Hungary (0.1982 EUR, II.2022). Ultimately, after temporary fluctuations, gas prices for companies were comparable in the four countries analyzed in the first half of 2024, although the highest prices were recorded in Poland (Chart 3).

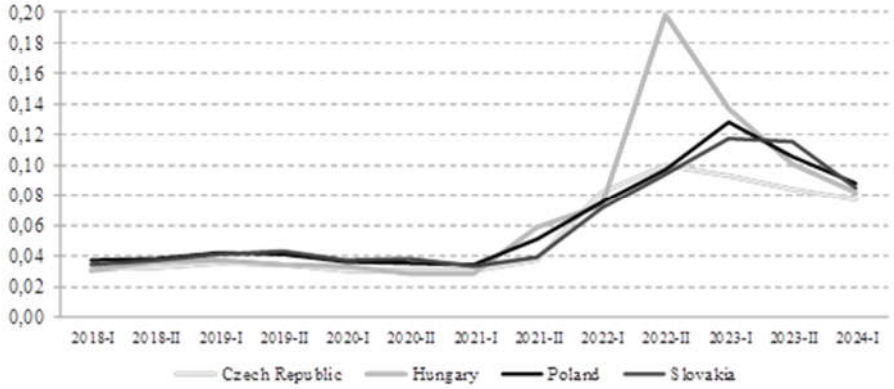

Figure 3. Gas prices for companies in 2018-2024 (in EUR; consumption from 10,000 GJ to 99,999 GJ)
Source: Own study based on: Eurostat (2025e)

In the case of gas prices for households, there were significant differences between the Group countries. These prices rose more significantly from 2021 to 2023, stabilizing in 2024. Among the countries, the highest price level was maintained in the Czech Republic, with an additional significant increase from the first half of 2021 (intensified by the outbreak of the war in Ukraine in February 2022) to the first half of 2023. There was a slight decrease in prices from the first half of 2023. At the end of the analyzed period (2024-I), household gas prices in the Czech Republic were more than four times higher than prices in Hungary (Figure 4).

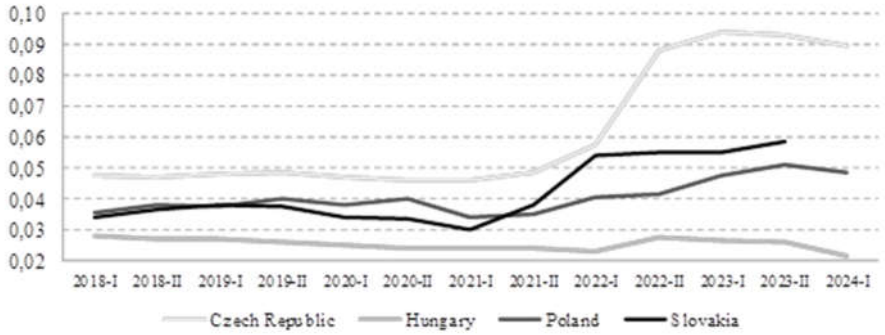

Figure 4. Gas prices for households in 2018-2024 (in EUR; consumption from 20 GJ to 199 GJ)
Source: Own study based on: Eurostat (2025f)

3.3. Financial situation in government and local government institutions

In order to maintain public finances in good shape, the Member States of the European Union are obliged to comply with the fiscal rules contained in the Stability and Growth Pact of 1997. In its original form, the document consisted of the European Council resolution of 17 June 1997, as well as two other regulations: Council Regulation No. 1466/97/EC and Council Regulation No. 1467/97, both of 7 July 1997. The former concerned the surveillance of budget positions and the coordination of economic policies, while the latter referred to the introduction of the excessive deficit procedure.

In 2005, these regulations were amended, but they proved insufficient, as some EU Member States still had problems with ensuring budget balance during the financial crisis of 2008. As a result, eight more EU regulations were issued, and one international treaty was signed. Specifically, the so-called six-pack and two-pack, which strengthened the monitoring of economic policies in the Member States, and the Treaty on Stability, Coordination and Governance of 2012, which introduced more restrictive provisions than those contained in the Stability and Growth Pact.

According to the rules in force in the EU, the general government deficit cannot exceed 3% of GDP at market prices, and the general government debt cannot exceed 60% of GDP at market prices (European Union, Stability and Growth Act).

However, due to the outbreak of the COVID-19 pandemic, the EU decided to introduce the so-called "general escape clause", thanks to which member states could incur increased spending on measures aimed at supporting economies in the face of the crisis. It expired at the end of 2023,

but unfortunately some countries still had problems with maintaining the deficit and debt of the government sector at an acceptable level (European Parliament , Post-Covid fiscal rules). In connection with this, the Council of the European Union decided in 2024 to initiate the excessive deficit procedure against seven EU Member States, including Poland, Hungary and Slovakia (European Council, Stability and Growth Pact).

It should be noted that the only country with a general government surplus in 2018-2019 was the Czech Republic (0.9% of GDP and 0.3% of GDP). In turn, since 2020, each of the analyzed countries has had a deficit. The largest sector imbalance was characterized by Hungary (-7.6% of GDP) and the lowest deficit was shown by Slovakia (-5.3% of GDP). The large increase in deficits in 2020 was related to numerous government measures related to easing the pandemic situation. Slightly lower deficits compared to 2020 were recorded in 2022, despite the fiscal authorities implementing aid measures to counteract the negative effects of the energy crisis. In the year under review, the largest general government deficit was again in Hungary (-6.2% of GDP), and the smallest in Slovakia (-1.7% of GDP).

In the years 2020-2024, the persistence of deficits at an elevated level was a common feature of all the countries analyzed. The outbreak of the war in Ukraine mobilized the countries of the region (including Poland) in particular to increase military spending, which could have contributed to the deterioration of the public finance situation. According to data for Q2 2024, the rule regarding the level of the general government deficit was not fulfilled by Poland, Hungary and Slovakia (Figure 5).

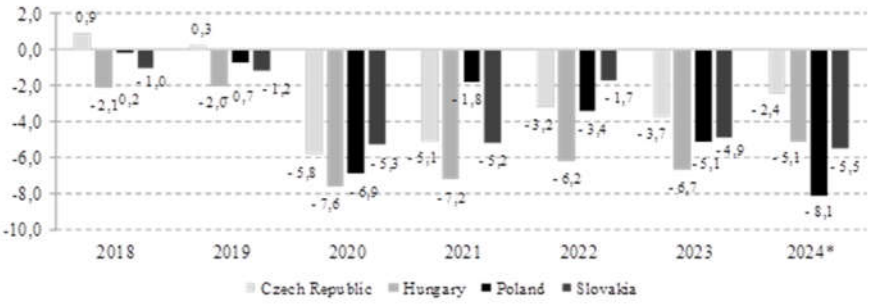

Figure 5. General government deficit/surplus in 2018-2024 (in % of GDP)
*Data for Q2 2024
Source: Own study based on: Eurostat (2025g); Eurostat (2025h)

According to NATO data for 2018-2024, Poland had the largest defense spending of all the Visegrad Group countries. This spending ranged from 2.0% of GDP in 2018-2019, 2.2% of GDP in 2020-2022, rising to 4.1%

of GDP in 2024 (forecast). NATO data for 2023 indicate a huge increase in spending among all the analyzed countries , which was related to the need to improve the defense potential of countries in connection with Russia's attack on Ukraine. Unfortunately, although the increased spending was fully justified, the European Commission decided to include Poland in the excessive deficit procedure and did not exclude defense spending from this procedure PAP Biznes (19/06/2024). According to a later announcement by the European Commission spokesman, V. Nuyts , defence spending was to be included in the initiated procedure (PAP Biznes, 4/11/2024).

In 2024, the estimated defense spending in Poland (4.1% of GDP) was significantly higher than in other countries, than in Hungary and the Czech Republic (2.1% of GDP) and Slovakia (2.0% of GDP). In 2024, each of the analyzed countries was to fulfill the agreements of the NATO North Atlantic Council from the Wales Summit in 2014, according to which the alliance countries committed to spending at least 2% of GDP on NATO defense (05/09/2024) (Figure 6).

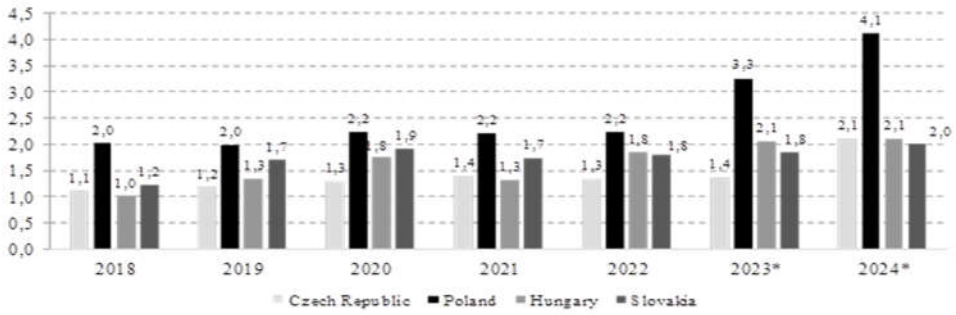

Figure 6. Defence expenditure in 2018-2024 (in % of GDP)
Source: Own study based on: NATO (2024). *forecasted expenses

The consequences of the aforementioned expenditures counteracting the negative consequences of the COVID-10 pandemic, the energy crisis and defence expenditures are the final changes in public debt. Eurostat data for 2018-2024 show that throughout the analysed period, the highest general government debt among the countries surveyed was recorded in Hungary (oscillating around 70-80% of GDP), and the lowest in the Czech Republic (30-44% of GDP). According to data for Q2 2024, the general government debt rule was not met by Hungary and Slovakia (Figure 7).

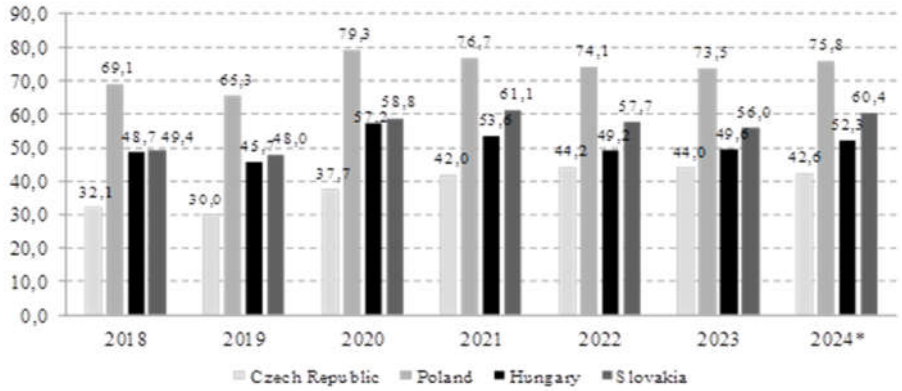

Figure 7. General government debt in 2018–2024 (in % of GDP)
*Data for Q2
Source: Own study based on: Eurostat (2025i); Eurostat (2025j)

Summary

The events of recent years are a perfect example of how important it is for state authorities to respond appropriately in crisis situations. The actions of the governments of Poland, Hungary, the Czech Republic and Slovakia in the area of fiscal policy have certainly limited the unfavorable phenomena related to the COVID-19 pandemic and the outbreak of war in Ukraine.

Referring to the aim of the work, it should be stated that in fiscal terms, the described crises were endured most gently by the Czech Republic, which was characterized by the lowest debt and deficit indicators of the general government sector. Due to the inclusion of Poland, Slovakia and Hungary in the excessive deficit procedure in 2024, the governments of the above-mentioned countries may be forced to reduce expenditure. However, this may be exceptionally difficult due to the need to increase defense spending in the face of the threat from Russia. Nevertheless, it seems that the greatest efforts to improve the budgetary situation should be made by Hungary, whose indicators were at a much higher level than the other examined countries of the Visegrad Group, and clearly exceeded the acceptable standards for the deficit and debt of the general government sector applicable in the European Union.

During the COVID-19 pandemic and the energy crisis, the governments of Poland, the Czech Republic, Hungary, and Slovakia have taken various actions to alleviate the crisis situations that have occurred. During the epidemic, each country incurred additional expenditures necessary to provide adequate medical care, introduced wage subsidies, increased or established new social

benefits and other benefits, periodically exempted companies from paying social insurance contributions, reduced taxes or introduced exemptions or special reliefs, or supported the industries most affected by the epidemic in the form of subsidies or a moratorium on loans. In relation to the GDP of a given country, Hungary spent the largest funds to combat the pandemic crisis and its effects.

In response to the energy crisis, the countries studied implemented a tax on excess profits, which was imposed primarily on companies from the energy and coal sectors, and introduced aid programs for businesses and households in connection with increased electricity, gas and heating bills. Other actions worth mentioning included reducing VAT and excise duty on fuels. The Czech Republic and Slovakia allocated the largest funds for energy crisis mitigation in relation to GDP, while Hungary allocated the smallest.

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