



MVM2014-NNN

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POLITICS OF TRANSITION AND DEVELOPMENT STRATEGY

ABSTRACT: The transition consists of a large number of activities at the macroeconomic level, to be undertaken with the aim of moving from one type of economy to another. Changes are inevitable and at the microeconomic level, in the form of autonomy in production, cessation of central planning, markets, trade liberalization and the like.

Goal of transition is to create conditions for a market economy, which means great sacrifices in the short term and increase the overall economic efficiency to a higher level where as a result of improved living standards.

KEYWORDS: *Macroeconomic Stabilization, liberalization of prices, indicators of economic development.*

INTRODUCTION

The transition process is performed by the inevitability that involves setting up new egzistencionalnih basis, which enables higher functionality of the entire system. Entering the transition of a decline in the level of GDP and extinguished many companies because their products are not competitive. It takes some time for the economy reaches the level of production of the gross domestic product generated at the beginning of the transition.

Among the countries in transition, there are differences that are opting their reform processes relating to the width of macroeconomic delalansa, the degree of decentralization of economic management and the scope of activities of the private sector prior to the reforms. Internal macroeconomic imbalances in post-socialist economies appears in various forms of which are usually open to high inflation. The external imbalance is expressed growing indebtedness economy as economies was the only way to relieve internal deficits and imbalances.

FIRST TRANSITION PROCESS AND POLITICS OF TRANSITION

One of the activities program to be carried out after the fiscal and monetary stabilization is price liberalization, which should be implemented at the beginning of the transition, because in the later stages led to rising prices and rising inflation. In order to develop a competitive market, it is necessary to develop additional measures in the transport, distribution and trade. Nobody has invented the market, but it works very effectively. Rational price system as a system of world prices is necessary because it would economy opened to foreign trade. Policy of free trade domestic producers are exposed to foreign competition and opens the possibility of a faster increase in quality over many arrangements joint ventures with foreign companies.

Trade liberalization can be realized only through a political decision at a time when other reform activities are carried out through an evolutionary process. The country is considered to be open to foreign trade if the national economic entities happiness with less restrictions on the way out to the international market and also overseas in entering the national market. Sudden liberalization forces firms to restructure and adopt global standards of quality, but the countries in transition still prepočuje gradual liberalization where some of the branches were subsidized or be protected from foreign competition.

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