

Globalization and the Equity Issues in Postsocialist Transition Economies

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Abstrakt

Equity issues in policymaking are difficult to resolve because they are linked not only to economic matters but also to social constraints and political conflicts. The more this is the case of the postsocialist economies in transition to a market system at the era of globalization. The historical and irreversible process of first liberalization and then integration of thus far performing, to the extent, separately capital, goods and labor markets into one world market, on the one hand, and gradual institutional building and privatization, on the other hand, are causing a significant shift in the income pattern of the postsocialist emerging markets. Inequality is growing, contrary to the expectations of many, with many implications for the standard of living and the long term growth tendencies.

While globalization is contributing to long-term acceleration of economic growth and open a chance for many countries and regions to catch up with more advanced economies, at the same time it is causing growing inequality, both between the countries and within them. On the average, standard of living is growing, but so is growing the distance between the rich and the poor. Hence, equity issued should always be a concern of policymaker, especially in postsocialist transition economies' early years of systemic change.