

Volume 28, Issue 11**Research Announcement****Modelling the transition from a socialist to capitalist economic system**

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Abstract

The transition of several East European countries from the socialist economic system to the capitalist one is studied. A microeconomic model for the personal income distribution and its evolution and a simple functional relationship between the rate of the per capita GDP growth and the attained level of the per capita GDP are used to describe the transition process. The developed transition model contains only three defining parameters and describes the process of real GDP per capita evolution during the last 15 years. It is found that the transition process finished in the Central European countries. In the long run, this means that the future of these countries has to follow the same path, i.e. dependence on the per capita GDP growth rate of the per capita GDP itself, as the developed countries have had in the past. In Russia and some countries of the Former Soviet Union the transition process is still far from complete.

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Citation: Ivan Kitov, (2005) "Modelling the transition from a socialist to capitalist economic system", *Economics Bulletin*, Vol. 28 no.11 p.A1.

Submitted: November 10, 2005 **Published:** November 10, 2005.

URL: <http://www.accessecon.com/pubs/EB/2005/Volume28/EB-05AA0011A.pdf>