

ISSUES WITH TRANSACTION COSTS MEASUREMENT ON THE MACROECONOMIC LEVEL IN TRANSITION ECONOMIES

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This article outlines the difficulties of measuring the transaction costs in a transition economy. The intricacy of the task is partly due to existing conceptual discrepancies in the definition of transaction costs. We compare the micro and macroeconomic perspectives to clarify the specific problems when constructing measures of transaction costs on a national level.

The measurement method proposed by J. Wallis and D. North is shown to be unsuitable for the economic analysis of institutionally induced growth. A current study of the Bulgarian economy serves as an example. Modifications of the transaction sector concept are suggested to improve its applicability to the study of economic development.

Key words: new institutional economics, transaction costs , transaction sector

JEL B52