

GLOBALIZATION AND THE ECONOMIC GROWTH

Globalization implies that national economy becomes more and more dependent on the world economic trends. Globalization brings benefits to developed states, however means the negative outcome for the developing economies as they become more dependent on developed states, the number of multinationals grows, external debts increase, income differentiation and the gap between various society strata appears.

A great number of scientific research papers have been created to look into the problem of globalization. Nevertheless there are still many unanswered questions. For example to which extent national economy growth depends on the world economy development and whether it heavily relies on economic growth dynamics in other states. The focus of this research is primarily the dependence of national economy on the economy in global scale and the role of globalization in this process.

Taking into account the results of various scientific researches we can say that in the long term there is weak correlation between the processes in developing economies and developed economies and in the short term this correlation is quite more significant. It implies that income per capita is rising fast in those countries where the market is still developing

Absolute convergence hypothesis rests on the assumption that structural difference doesn't play any crucial role so the income per capita rise discrepancy in the developing and developed economies vanishes with time. β and δ convergence are two main types of absolute convergence. Nevertheless the existing empiric research does not give any proof to the existence of this phenomenon.

However the economic growth dynamics analysis that has been carried out by the author applying own specifically designed β deviation rate gives evidence that β convergence exists.

To check δ convergence hypothesis we analyzed income per capita differentiation in various states with the help of graphic method. We found out that GDP per capita soared during last 20 years. Thus we came to conclude that δ convergence hypothesis is inaccurate.

World economic system globalization process is considerable factor that impacts various states economic development. As the result we came to conclude that starting from 2000 economic growth rates in developing economies exceed those in developed ones not only in the pre-crisis period but also after it. β deviation added rate demonstrates this.