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THE IMPACT OF GLOBALISATION ON WORLD ECONOMY

Globalization has influenced nearly every aspect of modern life. Most economists agree that globalization provides a net benefit to individual economies around the world by making markets more efficient, increasing competition, limiting military conflicts, and spreading wealth more equally around the world. However, the general public tends to assume that the costs associated with globalization outweigh the benefits, especially in the short-term perspective.

The **aim** of the given study is to analyze the main trends of globalization influence on the world economic processes. According to the aim the following tasks have been set: to give the outline of globalization tendencies in the modern world; to analyze positive and negative aspects of economy globalization.

The 2008 economic crisis led many politicians to question the merits of globalization. Since then, global capital flows fell from $11 trillion in 2007 to a third of that figure in 2012. While some of that may be cyclical in nature, many countries implemented tariffs and other forms of protectionism designed to contain risk in their financial systems and make crises less damaging, although this comes at the cost of forgoing the benefits [2, p. 277].

But it's also important to keep in mind that economists are only giving us a partial perspective on the total effect of trade on employment. In particular, comparing changes in employment at the regional level misses the fact that firms operate in multiple regions and industries at the same time. Indeed, "Ildikó Magнari recently found evidence" suggesting the Chinese trade shock provided incentives for US firms to diversify and reorganize production. So companies that outsourced jobs to China often ended up closing some lines of business, but at the same time expanded other lines elsewhere in the US. This means that job losses in some regions subsidized new jobs in other parts of the country.

On the whole, Magyari finds that although Chinese imports may have reduced employment within some establishments, these losses were more than offset by gains in employment within the same firms in other places. This is no consolation to people who lost their job. But it is necessary to add this perspective to simplify the myth that trade with China is bad for workers of other countries [5].

Most importantly, concerning globalization variables, financial integration measured by stocks of total foreign liability and assets out of GDP is very significantly positive to income inequality in all models. This implies that as countries financially integrate into the world economy more, income inequality rises. It must be related with the negative effects of FDI, financial instability, and other causes that lead to the income inequality [1, p. 265]. Even when we control for other exogenous variables by including socialist dummy and crop endowment, those results are still robust. In contrast to financial globalization, international trade is negative in all manifestations but it is not so significant. Thus, the effect of international trade to improve income distribution across countries appears to be weak compared with other possible positive aspects.

We find that the effect of income inequality is also significant to the headcount poverty ratio since more unequal countries have more poor people. Boh trade openness and financial globalization are still significant to poverty after controlling for the level of growth and the Gini coefficient. Thus, globalization influences poverty directly as well as indirectly through growth and income inequality. The secondary school enrollment is negatively significant since more education lowers absolute poverty. The dummy for Sub Saharan African countries is positive, but not highly significant. This suggests that the effect of international trade to lower poverty and that of financial integration to increase poverty appear to be robust. Including other variables does not change this result [3, p. 360].

Along with the development of international trade and financial globalization after the 1980s, there have been a large number of studies to examine the complex effects of globalization on growth, inequality and poverty. In particular, a concern is recently growing about potentially negative impacts of globalization on income inequality as it has been rising in both developed and developing countries. After an extensive review of theoretical and empirical studies about the effects of globalization on income inequality and poverty, it was conducted a cross-country empirical examination on the effects of globalization on those spheres [4, p. 899].

Globalization has impacted nearly every aspect of modern life and continues to be a growing force in the global economy. While there are a few drawbacks to globalization, most economists agree that it's a force that's both unstoppable and net beneficial to the world economy. There have always been periods of protectionism and nationalism in the past, but globalization continues to be the most widely accepted solution to ensuring consistent economic growth around the world, the consequences of which we are already observing, both positive and negative, and new proposals for the solution of global problems do not have time to match the speed of the occurrence of difficult situations.

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