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GLOBALIZATION OF THE WORLD ECONOMY

Globalization of the world economy is the conversion of international space into one whole, where there are no set boundaries for informational technologies, merchandise and sales, and capital. Globalization implies on the formation of universal international economy; in other words, this phenomenon falls in the framework of the politics, ideology and culture. The main aim of economic globalization is to change the world into one dynamic market which has uniform characteristics in different countries. Globalization should lead to a free mobility of capital as well as to privatization of the economy and a sharp reduction in government budgets [1].

First of all, globalization is caused by the objective factors of world development: by the advancing international division of labor, by the scientific and technical progress in the fields of transportation and means of connections, which reduce so-called economic distance between the countries. The second source of globalization is a liberalization of the trade markets and other forms of economic liberalization, which caused limitations to the policy of protectionism and removed restrains on international trade. As a result, tariffs were substantially lowered, and many other barriers in trades of goods and services were removed. The third source of internationalization process, and one of the main sources of globalization, is the phenomenon of transnationalism. Within its frame, a certain portion of production, consumption, export and import, and gross domestic income depends on the decisions of international organizations beyond the limits of the state. Globalization affects the economy of all the countries. It influences the production of goods and delivery of services, the labor utilization, investments, technology and its propagation from one country to another. All of this is reflected in the efficiency of production, productivity of labor and competitive ability. Specifically, globalization caused the aggravation of international competition. The process of globalization of the economy was accelerated within the recent decades, when different aspects, like, capital, technology, goods and labor,

became even more interconnected and integrated into the multilayer network of MNC [2].

First of all let us note the extremely accelerating rates of the direct foreign investments, which considerably exceed the rates of the increase in the world trade. These capital investments play the key role in the transfer of technologies, industrial restructuring, and the formation of global enterprises, which renders direct effect on the national economy. The second aspect concerns the influence on the technological innovations. New technologies, as already mentioned, are one of the motive powers of globalization, but it, in turn strengthening competition, stimulates their further development and propagation among the countries. Finally, as a result of globalization an increase in the trade in services occurs, including financial, juridical, administrative, informational and all forms of "invisible" services, which become the basic factor of international commercial relations.

To sum up we can note a number of possible advantages of the globalization process that will tie up the countries together: 1) globalization caused the exacerbation of international competition; 2) another advantage of globalization - savings on the amount of production, which potentially can lead to the reduction of expenses and reduction in the prices; 3) the advantages of globalization are connected also with the gain from the trade on the mutually beneficial basis, which satisfies all sides, starting from the individual persons, firms and other organizations, countries, commercial unions and even finishing with entire continents; 4) globalization can lead to an increase in productivity of labor as a result of the rationalization of production on the global level and propagation of advanced technology [3].

References:

1. Globalization of the World Economy: <https://studfiles.net/preview/2098699>
2. News Digitpro: <http://www.digitpro.co.uk/2014/02/16/globalization-global-competitions-effect-developing-countries>.
3. The Globalization Of The World Economy: <https://www.ukessays.com/essays/economics/the-globalization-of-the-world-economy-economics-essay.php>.