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## **THE EFFECTS OF ECONOMIC GLOBALIZATION ON DEVELOPING COUNTRIES**

KRISTINA NAPOLSKYKH, student

ILYA V. POKUTSA, Senior Teacher, PhD in Economics

YEVHENIIA S. MOSHTAGH, Senior Teacher

*O. M. Beketov National University of Urban Economy in Kharkiv*

Globalization is a process of global economic, political and cultural integration. It has made the world become a small village; the borders have been broken down between countries. Globalization is playing an increasingly important role in the economies of developing countries. It has both positive and negative effects for those countries.

Positive effects:

1. Increased standard of living. Economic globalization gives the governments of developing nations access to foreign lending. When these funds are used on infrastructure including roads, health care, education, and social services, the standard of living in the country increases. If the money is used only selectively, however, not all citizens will participate in the benefits.

2. Access to new markets. Globalization leads to freer trade between countries. This is one of its largest benefits to developing nations. Homegrown industries see trade barriers fall and have access to a much wider international market. The growth this generates allows companies to develop new technologies and produce new products and services.

Negative effects:

1. Widening disparity in incomes. While an influx of foreign companies and foreign capital creates a reduction in overall unemployment and poverty, it can also increase the wage gap between those who are educated and those who are not.

Over the longer term, education levels will rise as the financial health of developing countries rise, but in the short term, some of the poor will become poorer. Not everyone will participate in an elevation of living standards.

2. Decreased employment. The influx of foreign companies into developing countries increases employment in many sectors, especially for skilled workers. However, improvements in technology come with the new businesses and technology spreads to domestic companies. Automation in the manufacturing and agricultural sectors lessens the need for unskilled labor and unemployment rises in those sectors. If there is no infrastructure to help the unemployed train for the globalized economy, social services in the country may become strained trying to care for the new underclass.

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.

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## **URBANIZATION AND ECONOMIC GROWTH**

YAROSLAVA NEMASHKALO, student

ANNA I. RYBAK, Senior Lecturer

YEVHENIIA S. MOSHTAGH, Senior Teacher

*O. M. Beketov National University of Urban Economy in Kharkiv*

The historical facts and statistics reveal that almost all of the developed countries have a higher level of GDP per capita and also a higher level of urbanization. Numerous studies have previously found that the level of urbanization is closely correlated with the level of GDP per capita [1]. Insufficient attention is paid to the dynamics of urbanization and the nature of growth, including the different ways in which cities can support growth and the varied forms or composition of that growth. The conditions necessary for this to occur are also neglected, along with the consequences of growth for poor communities and the depletion of natural resources. Public investment in infrastructure and the built environment can play a crucial role in shaping these patterns, and therefore in