

**THE IMPACT OF GLOBALIZATION ON DEVELOPED AND
DEVELOPING COUNTRIES**

Annotation. This article highlights the phenomenon of globalization, its purpose and influence on developed and developing countries. Globalization is a complex and contradictory process of unification and integration, which can be viewed from different angles. The article presents the economic perspective of globalization, as well as its negative and positive consequences. It was revealed that globalization has more negative consequences for developing countries.

Keywords: globalization, developing countries, developed countries, advantages and disadvantages of globalization, consequences of globalization.

What is globalization?

Globalization began in a primitive form, when people first settled in various parts of the world. However, it progressed quickly, and became an international driving force. Countries on all five continents were affected and involved in it.

The source of this process is the development of the economy. Any single state is no longer a closed system. There are free trade, capital flows, and tax and duty cuts. On this basis, a single networked market economy is formed. As a result, there is a world integration of countries with the unification of economic, political and cultural spheres. The concept of globalization is associated with the gradual destruction of all barriers and boundaries and the creation of a unified society.

Globalization is one of the most ambitious processes that have ever affected mankind. It affects all spheres of human activity, including economics, culture and politics.

The goal of globalization is to provide organization a superior competitive position with lower operating costs, to produce more products, to provide more services, and to attract more customers [1].

Advantages of globalization

Globalization has generated international competition. Competition, in its turn, is a driving force of production, the harder it is, the higher is the output level. After all, each manufacturer tries to take a profitable place in the international trade, so he tries to do everything to make his goods more attractive than his competitors.

- International trade is beneficial to all subjects of market relations.
- The introduction of modern technology contributes a lot to increased productivity.
- Knowledge, skills and intellectual resources are shared globally.

Who benefits from globalization?

The dependence of third world countries on developed countries made experts think about who really benefits from globalization. It is believed that no more than 14.5% of the population of the Western world benefit from this process, whereas residents of countries in Africa and Asia can only feel the negative consequences of such economic integration [2].

At the same time, the problems of globalization that a particular country may face depend on the position it occupies in the world economy. As for the positive impact of globalization, it is easier for industrialized countries to feel that they are able to reduce costs by transferring technologically dirty industries to third world countries [3].

Disadvantages of globalization

The main negative consequences of globalization are:

- degradation of uncompetitive national production, that can affect many entrepreneurs and undermine the country's economy;

- loss of control over economies in less developed countries. In fact, industrialized countries can control economic processes in such states, that might lead to a partial loss of their sovereignty;

- penetration of alien ideas and values into society is an important social problem of globalization. This can be easily demonstrated with the example of the Arab countries, where globalization is called "americanization" and is flatly denied;

- non-equal distribution of benefits by sectors of the national economy. In other words, globalization can lead to rapid development of high-tech industries, but cause irreparable damage to the agro-industrial complex;

These are economic problems of globalization, affecting all countries, both developed and developing ones. However, as mentioned above, globalization has more negative consequences for the latter.

The negative consequences of globalization that developing countries may face

The most important "side effect" of globalization for developing countries may be a technological gap from developed countries, that will subsequently lead to even greater impoverishment of the people and polarization of society [4]. In addition, globalization has following devastating effects on third world countries:

- marginalization of the population;
- human impoverishment;
- growth of foreign economic debt.

However, developed countries can not avoid the adverse effects of the economic process too. One of them is the rise in the unemployment rate with the emergence of cheap low-skilled labor force (migrants) on the national market. Prerequisites for unemployment are also new technologies that might reduce the

dependence of production processes on a person, transferring part of the production cycle to the territory of other countries.

So, globalization is a very serious process that affects the world economy and life of all countries without any exceptions. It unites the whole world with all its advantages and disadvantages. The main engine of globalization in the world market is competition. It affects all spheres of production, leaving only the most competitive companies on «the world stage» [5].

Globalization benefits the developed countries of Western Europe, North America, Australia, Japan, whose major financial and industrial complexes are moving this process and are interested in it [6]. However, the interconnection of economies is causing economic instability, because the crisis in one country immediately has a negative impact on the situation in other countries. The main disadvantage of globalization is that countries that are beyond the poverty line will suffer the most. Their goods become uncompetitive.

Globalization is contributing to the growing backwardness of the underdeveloped countries from the rich and successful. The backward states are turning into a source of social, political, economic, military challenges for a more prosperous part.

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