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CONVERGENCE AND GLOBAL INEQUALITIES

Abstract:

The main objective of the research is to find, identify and explain main trends and factors of convergence or divergence between economies and to discuss its conseguences for global inequality and possible future inequality trends. On a dataset of HDP per capita in a group of 150 countries over 30 years it is tested if there is any absolute or relative/conditioned convergence between countries. The regression analysis of the absolute convergence unsuprisingly shows that countries with low HDP per capita do not grow any faster than the rich countries, that the absolute inequality scissiors are opening. The related literature points out that countries may converge under condition that they belong to the same region, that is within geographically neer countries there is a high probability that poorer countries will grow economically faster that rich countries in this region. The author in this paper chooses trade liberalization as the condition for convergence and performs the regression analysis on the group of countries belonging to WTO. This test showed that the dependence of GDP per capita growth on the initial GDP per capita was positive but extremly weak (R2 =0,0116). It is found that trade liberalization under the WTO does not help member countries to converge and external inequality does not decrease.

Keywords:

Convergence, Global inecqualities