

Abstract

**„Income convergence, economic structure and business cycle synchronization in the European Union”**

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Contemporary economic research gives a lot of attention to issues of real convergence and business cycle synchronization, however, relatively little research has been conducted on the relationship between these two phenomena. The objective of this paper is to examine this relationship using the economy structure as the link between the two. Firstly, we analyze the interdependence between income convergence and economic structure similarity. We calculate Krugman Specialization Indices and Structure Correlation Coefficients for all pairs of European Union countries for the period 1970-2007. Secondly, we calculate correlation coefficients to determine the level of business cycle synchronization and we verify to what extent it is influenced by the structure of the economy taking into consideration economic policy and existence of the Euro Zone. We employ the Fixed Effect panel data regressions and VAR to investigate the problem.