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## GLOBALIZATION OF THE WORLD ECONOMY

**Abstract:** *The attitude to globalization of both specialists and all the inhabitants of our planet is very ambiguous, and sometimes diametrically opposite. This is due to different points of view on the consequences of globalization processes, in which some see a serious threat to the world economic system, while others see a means of further economic progress. Undoubtedly, the consequences of globalization can be both positive and negative, but there is no alternative to it, and therefore the main attention in the article is paid to the study of the dangers (threats) that these processes pose, and the opportunities and benefits arising in the process of globalization.*

**Key words:** globalization, cooperation, economics, integration, development, society, universalization, regulations.

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### Introduction

First of all, the most important methodological and practical issue is to determine the relationship between the concepts of "globalization", "internationalization of economic life", "international economic cooperation", "international economic integration", which will be devoted to the first part of the article. And then we will dwell on the essence of the globalization process, its preconditions, specific manifestations and positive and negative consequences.

As a result of international cooperation of production, the development of the international division of labor, foreign trade and international economic relations in general, there is an increase in the interconnection and interdependence of national economies, the normal development of which is impossible without taking into account the external factor. This phenomenon is usually called the internationalization of economic life. You can give a fairly general definition of this concept:

The internationalization of economic activity is the strengthening of the relationship and interdependence of the economies of individual countries, the impact of international economic relations on national economies, the participation of countries in the world economy.

In its development, the internationalization of the economy has gone through a number of stages. Initially, it represented international economic cooperation: it affected, first of all, the sphere of circulation and was associated with the emergence of international trade (late 18th - early 20th centuries). At the end of the 19th century, the international movement of capital is gaining momentum.

International economic cooperation means the development of stable economic ties between countries and peoples, the exit of the reproduction process beyond national borders.

The next stage was international economic integration, objectively conditioned by the deepening of the international division of labor, the internationalization of capital, the global nature of scientific and technological progress and an increase in the degree of openness of national economies and freedom of trade. Integration in translation from Latin (integratio) means the connection of separate parts into a common, whole, single.

International economic integration - rapprochement and mutual adaptation of national economies, their inclusion in a single reproduction process on an international scale.

International economic integration can be characterized as a process of economic unification of

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countries based on the division of labor between individual national economies, the interaction of their economies at various levels and in various forms through the development of deep stable relationships.

International economic integration is a fairly high, effective and promising stage in the development of the world economy, a qualitatively new and more complex stage in the internationalization of economic ties. At this stage, not only the convergence of national economies takes place, but also a joint solution of economic problems is ensured. Consequently, economic integration can be represented as a process of economic interaction between countries, leading to the convergence of economic mechanisms, taking the form of interstate agreements and coordinatedly regulated by interstate bodies.

Economic integration, in particular, is expressed in:

- cooperation between national economies of different countries and their complete or partial unification;
- elimination of barriers to the movement of goods, services, capital, labor between these countries;
- convergence of the markets of each of the individual countries in order to form one single (common) market;
- blurring the distinctions between economic entities belonging to different states;
- the absence of any form of discrimination against foreign partners in each of the national economies, etc.

The processes of economic integration are taking place both on a bilateral and on a regional or global basis. As a characteristic feature of integration associations at the present time, one can call their development at the regional level: integral regional economic complexes with common supranational and interstate government bodies are being created.

### Methods

Economic integration fits well into the process of globalization, constituting its core, and globalization itself is a higher stage of internationalization, its further development, when quantitative changes that have been accumulating for a long time have led to a qualitative leap. The world is becoming a single market for most TNCs, and moreover, most regions are open to their activities.

Globalization has become the most important real characteristic of the modern world system, one of the most influential forces determining the course of development of our planet. According to the prevailing point of view on globalization, not a single action, not a single process in society (economic, political, legal, social, etc.) can be considered limitedly only as such (such). The globalization of international relations is an increase in the

interdependence and mutual influence of various spheres of public life and activities in the field of international relations. It affects almost all spheres of public life, including economy, politics, ideology, social sphere, culture, ecology, security, way of life, as well as the very conditions of human existence. Proceeding from the purpose of the research presented in the article, let us consider the concept of globalization as applied only to the world economy.

The processes of global development, within which the structures of national production and finance become interdependent, are accelerated as a result of the increase in the number of concluded and implemented external transactions. Globalization, which has embraced all regions and sectors of the world economy, fundamentally changes the relationship between external and internal factors in the development of national economies in favor of the former. No national economy, regardless of the size of the countries (large, medium, small) and the level of development (developed, growing or transitional), can no longer be self-sufficient, based on the available factors of production, technologies and capital requirements. No state is able to rationally form and implement an economic development strategy without taking into account the priorities and norms of behavior of the main participants in world economic activity.

Although the concept of "globalization" has recently become the most frequently encountered in the economic literature, it is still a long way from the complete clarity of this term, both conceptually and practically. Globalization processes are assessed ambiguously. Here are just two points of view.

Professor of Sociology at the University of California (USA) M. Castells defined globalization as a "new capitalist economy", listing its main characteristics as follows: information, knowledge and information technology are the main sources of productivity growth and competitiveness; this new economy is organized primarily through the network structure of management, production and distribution, and not by individual firms, as before; and it is global.

A number of specialists represent globalization as a rather narrow concept: the process of convergence of consumer preferences and the universalization of the range of products offered around the world, during which global products are replacing local ones.

From our point of view, the globalization of the world economy can be characterized as an increase in the interdependence and mutual influence of various spheres and processes of the world economy, expressed in the gradual transformation of the world economy into a single market for goods, services, capital, labor and knowledge.

### Results and discussions

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The process of globalization covers different areas of the world economy, namely:

- foreign, international, world trade in goods, services, technologies, objects of intellectual property;
- international movement of factors of production (labor, capital, information);
- international financial and credit and foreign exchange operations (gratuitous financing and assistance, loans and borrowings of subjects of international economic relations, operations with securities, special financial mechanisms and instruments, operations with currency);
- production, scientific and technical, technological, engineering and information cooperation.
- deepening, first of all, the internationalization of production, and not exchange, as was the case earlier. The internationalization of production is manifested in the fact that manufacturers from many countries of the world participate in the creation of the final product in different forms and at different stages. Intermediate and semi-finished goods are taking up an increasing share of global trade and inter-corporate transfers.
- deepening of the internationalization of capital, consisting in the growth of international movement of capital between countries, primarily in the form of direct investment (and the volume of foreign direct investment is growing faster than foreign trade and production), the internationalization of the stock market;
- globalization of productive forces through the exchange of means of production and scientific, technical, technological knowledge, as well as in the form of international specialization and cooperation, linking economic units into integral production and consumer systems; through production cooperation, international movement of production resources;
- formation of a global material, information, organizational and economic infrastructure, ensuring the implementation of international cooperation;
- strengthening the internationalization of exchange based on the deepening of the international division of labor, an increase in the scale and qualitative change in the nature of traditional international trade in material goods. An increasingly important area of international cooperation is the service sector, which is developing faster than the sphere of material production;
- an increase in the scale of international labor migration. People from relatively poor countries find employment as unskilled or low-skilled labor in developed countries. At the same time, countries that use foreign labor to fill certain niches in the labor market associated with low-skilled and low-paid jobs are trying to keep immigration within certain limits. At the same time, modern telecommunication technologies open up new opportunities in this area

and allow painlessly limiting immigration processes. Any company in Europe, North America or Japan can easily entrust the execution of, for example, computer work to a contractor located in another country, and immediately get the finished job in its office;

- the growing internationalization of the impact of production and consumption on the environment, which causes an increase in the need for international cooperation aimed at solving global problems of our time.

It is predicted that in the visible future, globalization will entail:

- intensification of regional integration processes;
- greater openness of the economic systems of states that have not yet fully implemented the liberalization of economic activity;
- unimpeded access for all participants to any markets;
- universalization of rules and regulations for the implementation of trade and financial transactions;
- unification of regulation and control over markets;
- standardization of requirements for the movement of capital, investment process and the global payment and settlement system.

Globalization and integration are multi-level phenomena affecting:

- regional, national economy (macro level);
- commodity, financial and foreign exchange markets, labor markets (meso level);
- individual companies (micro level).

At the macroeconomic level, globalization is manifested in the desire of states and integration associations to engage in economic activity outside their borders by liberalizing trade, removing trade and investment barriers, creating free trade zones, etc. In addition, the processes of globalization and integration encompass interstate coordinated measures for the purposeful formation of the world economic market (economic, legal, information, political) space in large regions of the world.

### Conclusion

At the microeconomic level, globalization is manifested in the expansion of companies' activities outside the domestic market. Most of the largest transnational corporations have to operate on a global scale: any area with a high level of consumption becomes their market, they must be able to meet the demand of consumers everywhere, regardless of borders and nationalities. Companies think in global terms of buyers, technology, costs, supply, strategic alliances, and competitors. Various links and stages of design, production and marketing of products are located in different countries, unifying on an international scale. The creation and development of transnational firms allows you to bypass many barriers (through the use of transfer supplies, prices, favorable

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conditions for reproduction, better accounting of the market situation, the application of profits, etc.).

An urgent need is the formation of a single global world economic, legal, informational, cultural space for free and effective entrepreneurial activity of all business entities, the creation of a single planetary market for goods and services, capital, labor, economic convergence and the unification of individual countries into a single world economic complex.

True, most likely, we will not reach a truly global market even in decades, and it may not completely take place for a variety of political reasons. The universalization of trade regimes and the movement of capital has not yet led to the creation of a homogeneous economic environment, a single

planetary economic space. The world economy is a polycentric structure that encompasses 197 national-state formations, the development of which is uneven. About half of the population of developing countries live in a closed economy unaffected by the growth and intensification of international economic relations. In parallel, there are two worlds: an international and a self-sufficient economy, one of which (a self-sufficient economy) is gradually shrinking in size and importance in the world economy. The interconnections and interdependencies between the parts of this structure are asymmetric, different groups of countries are drawn into the world integration processes to an unequal degree and far from being equal.

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