

IMPACT OF GLOBALIZATION ON THE WORLD ECONOMY AND THE ECONOMY OF UZBEKISTAN

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Abstract

Globalization is a term that became popular in the 21st century and the consequences of which we are seeing now and will feel in the future. This process began its journey in the distant past and continues to this day, influencing the life of mankind both favorably and negatively.

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Globalization is a complex and multifaceted phenomenon that has changed the world economy over the past few decades. It refers to the growing interconnectedness and interdependence of countries and their economies through the exchange of goods, services, information and ideas.

In the last few decades, this term has become widely used in economics and other areas of human activity. The term is broad, multifaceted and controversial. Some praise globalization, while others protest against this phenomenon, since for them it can be a threat to national interests and identity. In this article we will look at the history of globalization, the impact of globalization on the world market, its main problems and what effect it has on the economy of Uzbekistan.

The term “globalization” was popularized by the American Theodore Levitov in 1983 in his article “Globalization of Markets ” in Harvard magazine Business Review ” . Despite the widespread use of the concept of “globalization,” the definition of its essence is accompanied by a number of contradictions: a multiplicity of interpretations and definitions, ambiguity of the causes and historical framework of this phenomenon, as well as a vague interpretation of the results of globalization and uncertainty of the prospects for its development.

Many scientists believe that the process of globalization began in the distant past, when trade from the local and regional level began to move to the international level. At that time, the bulk of international trade was made up of luxury goods such as silk and spices. Although these goods occupied a small part of the world economy, they became the main impetus for the formation of the first international trade routes.

The emergence of the Silk Road played a huge role in the process of globalization. This route united and connected the peoples of East Asia and the Mediterranean through trade relations. The rapid growth of European trade, accompanied by the Great Geographical Discoveries, and then the colonization of America and India, had a significant impact on the formation of the world market, which served as an

economic mechanism in the formation of the global economy. The creation of the East India Company, which traded with both European and Asian countries and became the first multinational company. In addition, after the development of new territories by Europeans, the influx of monetary capital into these territories increased for the construction of new plants and factories, since by this time countries such as England and France began to use available resources to the maximum. All these factors led to an increase in investment, the movement of monetary capital between countries of different continents and accelerated the process of globalization, connecting countries through trade relations.

The process of globalization began to gain more and more momentum in the 20th century, and the wars that occurred in this century could not prevent this, and even possibly accelerated this process. Since during both world wars the states of the American, European and Asian continents became even more closely connected with each other not only by trade, but also by intercountry relationships. If before the First World War the countries of Europe were in the lead in many economic indicators, then after it these states gave way to the leadership of the United States and became its debtors, which further bound them in both economic and political relations.

The Second World War also had a great impact on economic and political relations between the countries of Europe and Asia. During the war, many countries united against Nazi Germany, but after it the countries were divided into two main economic blocs - capitalist and communist. The capitalist countries were led by the USA, and the communist countries were led by the USSR. Because of this, the world was divided into West and East. Also, after World War II, international trade strengthened, which contributed to the rapid recovery of countries' economies and the acceleration of the process of globalization.

One of the reasons for the accelerated movement of globalization is the Marshall Plan. This plan was launched in 1948 and served as a stimulus for the economic recovery of Europe after the war and promoted the integration of European economies with each other and with the United States.

Probably one of the most important reasons for such an accelerated pace of globalization is technological progress. The creation and improvement of transport led to the rapid and safe exchange of goods between countries. The development of information technology, especially in the second half of the twentieth century, accelerated the global exchange of information, goods and culture. The creation of the International Monetary Fund and the World Bank also facilitated the integration of global financial markets, leading to increased financial assistance to developing countries. There are many more reasons for the development of globalization, such as: trade liberalization, growth of the world market, labor migration, environmental problems and more. All of these factors combine to create an environment in which globalization continues to evolve, affecting the lives of people around the world and making the world more interconnected, strengthening relationships between nations.

At this stage of human development, globalization has its place and still affects the economies of the countries of the world. At the moment, the whole world is like a huge mechanism, where each country performs a number of functions. But even if a small failure occurs somewhere, it will have a minor impact on the global economy, since everyone will begin to look for a solution to the problem. Currently, even the most developed country cannot fully satisfy its needs or cannot ensure that all production cycles of high-tech products take place on its territory, from the extraction of raw materials to the production of finished goods. All these reasons push countries to cooperate to achieve their own goals. In a given period of time, there are many countries that are partially or even completely dependent on each other and because of this, an isolated economy becomes uncompetitive. All this is a consequence of globalization.

Globalization has both positive and negative impacts on the world economy. Thanks to this process, we can see an increase in global GDP. This occurs due to increased international trade, free movement of money capital and exchange of production technologies. According to the World Bank, over the past

two decades, global GDP has grown from \$31.6 trillion in 2000 to \$87.7 trillion in 2020. Also, due to the open market, countries' access to a variety of resources has increased, which is another consequence of globalization. Greater access to resources makes it possible to increase production, and this, in turn, leads to the creation of new jobs. In addition, globalization promotes the flow of foreign investment from more developed countries to developing countries, which is a huge help and opportunity for countries with economies in transition, but it also brings huge profits for the investors themselves.

Despite all the advantages of globalization, there are a number of disadvantages. Globalization can increase disparities between rich and poor countries, and it can also create large gaps between rich and poor within a country due to unequal distribution of benefits from economic growth. Moreover, the emergence of large transnational companies can pose a threat to medium and small enterprises and businesses, which can lead to bankruptcy, loss of jobs and degradation of the local economy. Although small problems in different parts of the world cannot greatly harm the global economy, global crises can have a colossal impact on the economies of the world and the lives of people. For example, one such crisis is COVID -19. The introduction of quarantine measures and restrictions on the mobility of citizens led to a decrease in production, business closures and a reduction in economic activity in many sectors, which led to a decrease in the level of world trade and global GDP. Given all these factors, it is important to continually analyze these impacts and develop strategies that will help maximize the benefits and mitigate the negative impacts of globalization.

Globalization has also not spared Uzbekistan. In recent years, the influx of investment has increased, amounting to \$2.5 billion in 2022. Compared to 2021, their volume increased by 11%. Currently, Uzbekistan is beginning to increase its influence on the world market, which may help expand markets for Uzbek goods. Uzbekistan's nominal GDP in 2023 amounted to \$86.1 billion. Real growth compared to 2022 levels was 6%. At this level of their development, Uzbek goods cannot compete with foreign ones in some respects. And because of this, the presence of many types of foreign goods on the Uzbek market can lead to an economic recession in the country and a decrease in production, which will negatively affect the living conditions of the population.

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