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Global Economic Activity

The global economy is a single system, which has a layered structure and combines the economy of various countries. The term ‘global economy’ often refers to the foreign economic activity around the world without regard to national borders. As the growth of international goods and services increases, the world economy significantly enhances the mutual dependence of countries. This is a globalization of economy.

Globalization is a process in which the world is transformed into a single global system. It is caused by objective factors of world development. The deepening of the international division of labor, scientific and technical progress in the field of transport and communications reduces so-called economic distance between countries.

Thanks to new progressive technologies, international business reduces time and distance. Various technologies contribute to speeding up the ways of transferring information, cargo, etc. It allows the contact between any points on the globe, changes the content of the various activities.

The second source of internationalization process and globalization has become a phenomenon of transnationalization, in which a certain percentage of production, consumption, exports, imports, and the country's income depends on the decisions of international centers outside the state.

The opinions of economists on globalization are divided. On the one hand, economic growth with subsequent globalization is good. But this phenomenon will adversely affect some economic groups. Nobody knows whether profits will increase at high productivity. It will help to eliminate some difficulties but may cause problems, especially for a small business. While trade restrictions are eliminated, small businesses will not be able to develop.

Drawing conclusions, it can be said that global economic development as any other phenomenon has as advantages as disadvantages. However, this process is very important for the world economy because it increases international competition and improve the quality of the products and services.