



THEORETICAL ASPECTS OF INTERNATIONAL ECONOMIC INTEGRATION

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Abstract. This article describes the essence, importance and theoretical foundations of international economic integration. In addition, the article presents the stages of development of international economic integration and its impact on the economy of countries are described.

Key words: integration, free trade, common market, globalization.

Introduction.

Today, the modern world is developing through integration processes. In different regions of the world, integration is taking shape as trade and economic, currency, customs and political unions. This is an objective and natural process. Integration processes are deepening, improving and strengthening on a global scale. Integration processes are manifested, first of all, in the formation of numerous international and non-governmental organizations. On the one hand, this process is taking place under the influence of globalization, on the other hand, this fact directly raises global economic changes to a higher level. In such conditions, each country is required to develop its economy in its national interests and at the same time on the basis of mutually beneficial cooperation with other countries, to be an active participant in integration groups. Implementing cooperation through international economic integration primarily implies the effective use of economic opportunities, and at the same time, it also means solving problems that may arise in this process.

Literature review.

It should be noted that the main theories of integration were formed directly within the framework of Western European integration. In the middle of the 20th century, the scientific concepts of the integration process were built around the idea of creating a uniform space based on the unity of the institutional system, cultural symbols and the economic complex. When systematizing the totality of concepts, theories and approaches in the study of integration, researchers usually rely on the classification methodology of modern economic and political science teachings. Currently, in the



classification of integration concepts and theories, the following schools are distinguished in the economic literature: federalism, functionalism, market-institutional (neoliberal), structural, dirigism (neo-Keynesianism), neo-functionalism, communication, etc. The school of federalism aims to explain the essence of European integration. Inspired by the dream of uniting Europe, European federalism is the most widely accepted concept of integration. Criticizing the nation-state, federalists argued that citizens no longer felt economic and political security within existing national structures.

Most authors understand federalism as a concept of a state structure that involves the division of power into several levels and a constitutional basis. In particular, federalism is defined as the existence of political systems in which there is a division of power between central and regional authorities. The representatives of the idea of federalism are Spinelli, Albertini, Forsyth.

In his work “Working peace system”, Mitrany put forward the idea that the function, not the state, should be the unifying principle in the world community. Mitrany considered federalism to be a mechanical dispersion of movements, he emphasized that states should unite on the basis of common problems (poverty, close cooperation between states in solving problems). Functionalism is based on the continuity of movements, that is, a system of step-by-step interconnections is created and problems are solved together. The main principle of functionalism is a clear separation of functional areas that minimize conflicts between states through rational regulation. Functional cooperation begins not with political, but with the formulation of economic and social plans and tasks, for example, the management of common resources, the fight against unemployment, and health care. In functionalism, the creation of international organizations between two or more countries to solve issues of interest to them is considered a fundamental step. Within the framework of neofunctionalism, the logic of integration was first developed and analyzed by Haas.

As a stage in the development of functionalism, the neo-functionalist school developed the theory of institutionalism and became the basis of the political economy of European integration. The ideas of Mitrany and Haas found practical expression in



the construction of the European Economic Community. Unlike functionalism, neo-functionalism recognized the need for a political factor in the integration process. Haas divided politics into "lower" and "higher". "Lower" politics includes purely pragmatic goals related to improving welfare and economic growth. "Higher" politics involves foreign policy strategy, protecting national interests and maintaining the international reputation of the state. Thus, the "lower" subjects of the integration process are interest groups and political parties, and the "higher" are transnational bodies.

In addition to the above, there are a number of directions in the theory of economic integration that differ in different assessments of the integration mechanism. These are the directions of neoliberalism, corporatism, structuralism, neo-Keynesianism, and dirigism. The early representatives of neoliberalism - the Swiss economist Ropke and the Frenchman Maurice - understood by full integration the creation of a single market space, carried out on the basis of spontaneous market forces and the influence of free competition on the scale of several countries, regardless of the economic policies of states and existing national and international legal instruments. In their opinion, state intervention in the sphere of international economic relations leads to negative phenomena such as inflation and imbalances in international trade. However, the development of international economic integration, the formation of regional interstate unions with the active participation of states, showed the inconsistency of the views of the early neoliberals.

The next stage was the Hungarian-born American economist Balassa, who was among the supporters of neoliberalism, who first assessed integration from two perspectives: process and state. Viewing integration as a process that develops from simple to complex forms made it possible to systematize the stages of the integration process. Balassa approached the problem of integration from a slightly different perspective, namely, he paid attention to the degree to which economic integration leads to a more active participation of the state in economic affairs. In this, much attention was paid to the evolution of integration, which takes place on the basis of both economic and political processes.



Representatives of structuralism - Swedish economists Myrdal Streeten, Perroux criticized the idea of complete liberalization of the movement of goods, capital and labor in the integration area, believing that the free operation of the market mechanism would lead to imbalances in the development and location of production, deepening income inequality. Economic integration was considered by them as a deep process of structural changes in the economies of integrated countries, as a result of which a qualitatively new integrated area, a more perfect economic organism, would emerge. In their opinion, the poles of integration development are large firms, industrial companies, and the entire industrial sector.

In the 1970s, neo-Keynesian ideas became widespread, and representatives of this trend, such as the American economist Cooper and others, raised the central issue of international economic cooperation, namely, preserving the maximum degree of freedom for each country while taking advantage of the various advantages of international economic cooperation. Neo-Keynesians put forward two possible options for the development of international integration: first, integration with the subsequent loss of national freedom through the forced coordination of economic goals and policies; second, integration with the condition of preserving as much national autonomy as possible. Assuming that none of these options is presented in its pure form, they consider it necessary to optimally combine them by coordinating the domestic and foreign economic policies of the integrated parties.

One type of neo-Keynesian trend is dirigisme, whose theorists deny the decisive role of the market mechanism in integration processes and consider the creation and functioning of international economic structures as the development of a common economic policy by the integrated parties, the agreement on social legislation, and the coordination of credit policies. This direction was presented by the Dutch scientist Tinbergen. In his opinion, harmonious integration cooperation is based on the principles of voluntariness by member states in the issue of transferring a certain part of their sovereign powers to international structures specially created for the common good.

Tinbergen called on countries participating in integration processes to voluntarily reduce their sovereign rights based on mutual agreement, and not at the behest of some



superpower aspiring to world domination. In the above-mentioned studies, the essence of economic integration was scientifically studied from a political and economic perspective and proposals were made for their practical application. However, the scientific schools that emerged in this direction carried out their research on separate studies and did not fully study international economic integration as a whole.

Research methodology.

The research methodology is based on the concepts of domestic and foreign authors devoted to various aspects of international economic integration. The methodological basis of the research is the structural-functional and neoliberal approach in the economy.

Analysis and discussion of results.

In the development of the modern world economy, two parallel and interrelated processes are clearly observed, namely, on the one hand, regional economic integration and, on the other, globalization, which are deepening. In other words, regionalization and globalization are considered the main processes of development of the countries of the world. The phenomenon of international economic integration is presented as the interaction of two economic trends - regionalization and globalization. The history of world integration goes back to the times when the first states were formed and has deep roots. For many centuries, the process of gradual rapprochement of the countries and peoples of the world with each other has been observed. Today, this process has generally accelerated significantly and concerns all spheres. Judging by the doctrine of modern international economic relations and law, regional economic integration began in the second half of the 20th century and is currently developing in almost all countries of the world. Integration, which initially focused on the economic sphere, has now encompassed a number of areas and has directly led to the development of globalization. Globalization represents a new phase and generalization of the relations between the countries of the world and all societies.

There are more than 150 regional trade and economic unions in the world (most of them were formed in the second half of the 1990s or later), which differ in the degree of economic integration, the number of countries included in this group, the methods of



integration, and the areas of joint activity of the participants. At least 2/3 of the total volume of world trade is accounted for by interregional trade and economic relations (Kheifetz, 2022).

Globalization and regional economic integration are mutually exclusive and, according to some scholars, contradictory concepts. However, both trends, globalization and regionalization, in many ways coexist successfully in different parts of our planet. International economic integration, unlike globalization or economic globalization, is more likely regional integration. At the same time, regional integration is closely related to the concepts of internationalization and globalization. All of this is aimed at strengthening economic, political, cultural, and military relations between individual countries and societies.

Over the past decades, a great deal of scientific research has been conducted on the theoretical and practical study of the concepts of regional economic integration and globalization. In order to reveal the content, essence, significance, and characteristics of development of international economic integration and globalization, it is necessary to consider some of the theoretical foundations accumulated in the world community.

According to the Russian scholar Ignatiev (2018), the term “integration” was first used in the 1930s in the works of German scholars Kelsen, Schmitt, and Schindler, who saw integration as an analysis of social relations and understood it as a kind of socio-political unification of people (states) in a certain situation. They saw integration not as a specific, for example, national economy, but only on a global scale. This is because the development of the international community, especially in the field of economic relations, at that time had not yet created the necessary conditions for the implementation of integration ideas. Their ideas were further developed in the works of the German lawyer and political scientist Carl Schmitt. According to his theory, from a certain point on, the economic development of a country ensures the quantitative and qualitative growth and expansion of the territory. In this case, annexation or military conquest is not required, since the formation of a large space occurs on the basis of other laws, that is, on the basis of the adoption of single religious or socio-cultural forms by several states or peoples.



Definitions, explanations, classifications and descriptions, groupings of international economic integration developed in the post-World War II period. This happened directly against the background of the practice of economic integration of Western European countries. The definitions formed during this period are largely based on the ideas of neoliberalism.

The American scientist Balassa defines economic integration as a “process and a state”. As a process, economic integration consists of measures aimed at eliminating discrimination between economic units belonging to different nations (states). As a state, it is expressed in the absence of various forms of discrimination between countries.

Based on the current situation, we can emphasize that, on the one hand, the integration of the world economy and its globalization are increasing, which, in turn, is associated with the development of economic relations between countries, trade liberalization, the creation of modern communication and information systems, and the introduction of common technical standards and norms in the world. This process is especially manifested through the activities of transnational corporations (TNCs). On the other hand, economic rapprochement and mutual relations between countries are deepening on a regional scale, and large regional integration structures are being formed to create relatively independent centers of the world economy.

International economic integration has become a means of accelerating the development of regional economies and increasing the competitiveness of member countries of integration associations in the world market. International economic integration is a process that involves the integration of the economies of neighboring countries into a single economic complex based on stable economic ties between economic entities. One of the important aspects of this process is the economy, since the main motive for such associations is economic interests.

In a narrow sense, integration is a process of intensification of mutual relations and voluntary rapprochement of states based on common characteristics (political, economic, cultural, etc.) on the basis of interests. International economic integration is the highest level of internationalization, in which the unification of national economies



occurs on the basis of deep stable relations and division of labor, and a single monetary, financial, legal system and a common space for coordinating the economic policies of states are created.

The fact that the concept of "integration" is given in modern scientific literature can be explained, firstly, by the existence of many models and types of integration processes that differ in their goals and functions, and secondly, by the differences in national interests pursued by individual states or groups of states. Nevertheless, we can see the economic, political goals, principles, role and significance of regional or international integration in the following:

- expansion of the economic space and increased internationalization of economic life; internationalization of capital; creation of more favorable conditions for the effective deployment of productive forces; increasing production efficiency and competitiveness;
- structural restructuring of economic systems using the experience of partner countries with a high level of development; increasing the "economy of scale" of production by deepening specialization;
- deepening the regional and international division of labor based on comparative advantages; full or partial unification of the national economies of different countries;
- formation and improvement of cooperation base in scientific, technical and production spheres;
- increase the level of openness of national economies and liberalize trade; increase economic prosperity in member countries by reducing production costs and, as a result, the price of goods and services;
- elimination of obstacles in movement of goods, services, resources, capital, labor force;
- formation of common markets between different countries;
- acceleration of the movement of goods and services by creating a favorable environment in transport and logistics directions; acceleration of economic development;



➤ strengthening mutual understanding and cooperation between countries in political, social, cultural and other non-economic spheres;

Strengthening good-neighborly relations between countries in all directions. Avoiding confrontation. Creating and maintaining a favorable foreign policy environment;

Uniting the efforts of the participating countries to solve problems in the socio-economic sphere and developing foreign economic policy towards third countries. A number of conditions are required for countries to integrate with each other. The main conditions for the creation and effective functioning of integration associations between countries are:

➤ Closeness of economic development conditions and similarity in the level of maturity of market relations;

➤ The presence of a common border or at least geographical proximity;

➤ Commonality of economic and other problems;

➤ The presence of historical ties between countries and peoples;

➤ Political will of the participating countries;

➤ "The effect of demonstrating superiority" for other integration associations;

Under the influence of the success of the integration blocs, other countries will have a desire to join this organization. The demonstration effect of the European Union has prompted 13 Central and Eastern European countries to apply for membership in the European Union. In addition, integration groups have also been formed in various parts of the world directly under the demonstration effect of the European Union. ■ "Domino effect". Since integration has led to the reorientation of the economic relations of the member countries towards interregional cooperation, the remaining countries that remain outside the union will face some difficulties in trading with the countries that are part of the group. As a result, they will also be forced to join the integration.

Conclusions and proposals.

Integration studies have been actively conducted since the middle of the 20th century. Currently, a number of scientific concepts, ideas and concepts related to integration relations have been formed abroad and in our country. International economic integration is the highest point on the path to deepening economic ties. As a



result of international economic integration, integral economic complexes characteristic of this integrated region are formed, within which a single currency, single interstate and interethnic governance bodies are introduced, a common infrastructure is created, and joint financial funds are formed. Before the process of full integration takes place, the interested states will have to go through a number of stages. The economic model of each integration group is the result of a long historical process, in which the interconnection of the elements that make up the regional economic complex is built and the mechanism of their interaction is strengthened. Therefore, each regional economic system is unique, and a mechanical acquisition of its experience is an ineffective way. At the same time, a comparative analysis of existing trade and economic groups shows that there are certain general patterns of development of regional integration, the sequential passage through a number of specific stages and the presence of specific characteristics of each stage, varying degrees of integration intensity, depth and scope.

Currently, the Republic of Uzbekistan is increasingly expanding its foreign economic activities and actively participating in various regional and international economic integration organizations, and it is necessary to effectively use world experience in the field of integration in the development of cooperation. This implies the need for a comprehensive and detailed study of theoretical aspects in this area.

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