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MONETARY INTEGRATION OF THE WORLD

The contemporary forms of monetary integration, the main goals of achieving it and the factors creating an optimal currency area have been studied.

A research urgency. The reason for monetary integration among the countries of the world at the present time economists see in the first place in the world economy. In the second half of the twentieth century, globalization and competition have reached such a level that the capabilities of countries to achieve economic and social growth on an individual basis decreased dramatically. Alone withstand stiff competition, the impact of global currency and financial markets is very difficult, so many countries are moving towards the creation of various international organizations, in which each individual state may seek protection of their interests and realize itself as a full subject of the international community.

A research objective: to **s**tudy of the main objectives, forms and stages of monetary integration of the world.

A body. The monetary integration is cooperation among countries in international trade and finance, which is designed to reduce or remove the economic barriers between participating countries, to increase the competitiveness of their producers, to strengthen monetary and financial system and economic growth. Integration in the monetary sphere is also necessary because the countries participating in the integration process have certain objectives which are immeasurably more difficult to achieve alone than to do that on a collective basis by means of joint efforts.

The main objectives of monetary integration are shown in Fig. 1.

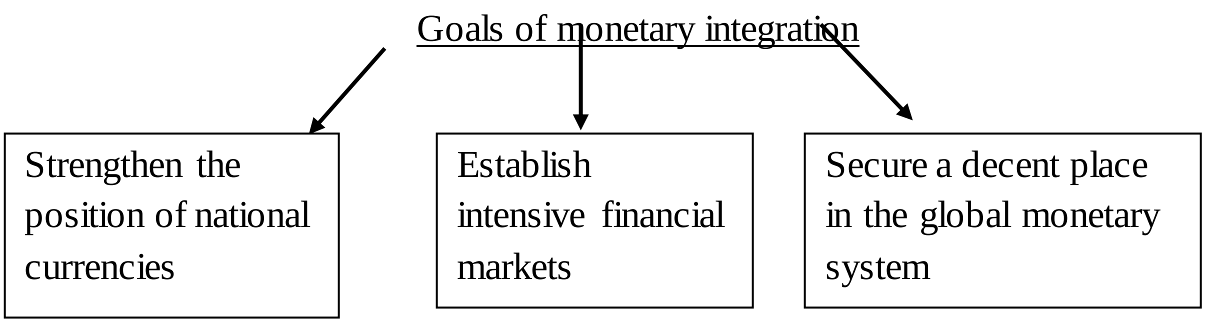

Fig.1.Goal of monetary integration :

In order to achieve such objectives different forms (ways) of monetary integration are used:

1) western European one; The Western European version of the currency area is a monetary union based on the economic one with the single currency of internal

European origin;

2) Latin American one; In Latin America a single currency area is based on the foreign currency, which was first used for the external payments and later replaced the national currency in the internal circulation;

3) African one; In Africa, the monetary unit is linked to the foreign currency, which is used for the external payments but does not penetrate into the internal ones; collective emissions of money are funded by the former colonial power.

At the present stage of economic development it is common to distinguish four stages of integration:

4) **Basic stages of monetary integration**

Free trade zone is an agreement between the two states about the elimination of customs duties and restrictions;

customs union is an agreement between the participants of a free zone trade about a common customs policy towards third countries;

common Market is an agreement between the free movement of goods, capital, services and labor;

economic and Monetary Union is the highest form of integration; economic, monetary and financial policy is fulfilled within such a union

Fig. 2. Stages of monetary integration

According to the theory the following factors are the terms for the creation of an optimal currency area:

• political will; • mobility of production factors;
• active use of national currencies;
• ensuring long-term stability of exchange rates of the countries;

The conclusion Thus, despite the diversity of forms of monetary integration, as well as the various stages of the integration process, which the international economic communities are going through, the country entering one or another economic union should understand that in such a case the many economic and political factors should be taken into account as well as the desire and political will of the country and its objectives on the world stage and in the global economy in particular.

References

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