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# INVESTMENT PROCESSES AND THE PHENOMENONOF GLOBALIZATION IN THE WORLD

## Abstract

Today, foreign investment, like many elements of economic relations between different countries, originated during the Industrial Revolution, which began in England and continued in Western Europe. About three centuries before World War I, capital and natural resources flowed to less densely populated areas. Because as a result of the industrial revolution, the rapid accumulation of capital in the second half of the 19th century, especially in the industrialized countries of the West, led large companies to look for investment areas that would bring maximum profit from this capital. These areas of investment were the colonies and independent underdeveloped countries of the period with abundant natural resources and cheap labor that would provide the daily necessities and raw materials needed by the peoples and industries of Europe. Thus, the article will discuss investment processes and the phenomenon of globalization in the world.
***Keywords:*** *globalization, investment, revolution, modernization, processes*

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## Dünyada investisiya prosesleri və qloballaşma fenomeni

## Xülasə

Bu gün xarici investisiyalar müxtəlif ölkələr arasında iqtisadi əlaqələrin bir çox elementləri kimi İngiltərədə başlayan və Qərbi Avropada davam edən Sənaye İnqilabı zamanı yaranmışdır. Birinci Dünya Müharibəsindən təxminən üç əsr əvvəl kapital və təbii sərvətlər əhalinin daha az sıx olduğu ərazilərə axır. Çünki sənaye inqilabı nəticəsində 19-cu əsrin ikinci yarısında kapitalın sürətlə toplanması, xüsusilə Qərbin sənayeləşmiş ölkələrində iri şirkətləri bu kapitaldan maksimum gəlir gətirəcək investisiya sahələri axtarmağa vadar etdi. Bu sərmayə sahələri Avropa xalqlarının və sənaye sahələrinin gündəlik tələbatını və xammalı təmin edəcək zəngin təbii ehtiyatlara və ucuz işçi qüvvəsinə malik dövrün müstəmləkələri və müstəqil inkişaf etməmiş ölkələri idi. Beləliklə, məqalədə dünyada investisiya prosesləri və qloballaşma fenomenindən bəhs ediləcək.
***Açar sözlər:*** *qloballaşma, investisiya, inqilab, modernləşmə, proseslər*

## Introduction

In the direction of the exploitative policies applied in the XVII and XVIII centuries, on the one hand, there were companies that supplied raw materials from the colonial countries, and on the other hand, sold trade goods to these countries. This trend became the most widespread in the 19th century. In the first half of the 1800s, Britain's investments in the colonies for the raw materials, mines, and oil it needed represented the beginnings of foreign capital investment (Aliev, 2003).

Because as a result of the industrial revolution, the rapid accumulation of capital in the second half of the 19th century, especially in the industrialized countries of the West, led large companies to look for investment areas that would bring maximum profit from this capital.

These areas of investment were the colonies and independent underdeveloped countries of the period with abundant natural resources and cheap labor that would provide the daily necessities and raw materials needed by the peoples and industries of Europe. Activities in Ceylon over tea and banana plantations in East Africa and the mining sector are the result of such investments (Seyidoglu, 2012).

By the end of the 19th century, national markets were already opening up to powerful industrial companies. In this context, modern international manufacturing began with American Singer, one of the world's leading companies, licensing a French sewing machine in 1855 and building its first overseas factory in Glasgow in 1867. In 1865, German chemical giant Alfred Bayer opened a small brake workshop in New York in 1879, Westinghouse in Paris, and in 1882, American telecommunications companies Western Electric and International Bell joined a joint venture in Belgium (Mustafa). In the 1870s and 1880s, when many American companies were looking for new markets to export their new goods (bolts, cash registers, elevators, steam pumps, locomotives, keys, and weapons), some of them began international production.

At the end of the century, American companies such as Ford, General Motors, General Electric and Texaco entered the European market as foreign partners. However, in a short time, European companies also participated in this competition (Prime, 2003).

In fact, today's orphanage is different from the previous ones, but the form is not new. Thus, the beginning of the first globalization dates back to the discovery of the New World in 1492. During this period of so-called commercial globalization, there was a significant influx of people from Europe (European entrepreneurs) and Africa (slave labor) to the Americas, and a period of domination began with the seizure of local resources (Dowling, Wignaraja, 2015: 80).

The second period began with the influx of agricultural products and underground and surface natural resources from the colonies to the West, which reached a high level of prosperity with the peak of the Industrial Revolution. The economic aspect of globalization manifests itself in three main areas, such as the liberalization of international trade (free movement of goods and services), international financial capital movements (investment movements), and the globalization of production in three areas (Felipe, Kumar, 2010: 628):

- Foreign direct investment;
- Free movement of labor (mobility);
- Globalization of knowledge.

The most appropriate example of globalization is the collection of parts from one company's factories in different countries for final assembly in another country and the financing of the capital markets of many countries at different stages of the production process. Undoubtedly, the revolution in information and communication technologies and the new methods and services developed by international financial institutions to meet the changing demands of the global trade and business world have played an important role in this development (Havrylyshyn, 2010). In the face of such a change, as governments find it difficult to effectively control financial capital, many government reforms have taken place to increase the trend. According to the futurist Drucker, the global world economy, which has become a reality today, has the following main features:

- By the mid-1970s, the world economy had gone from being international to global, with US President Nixon letting the dollar fluctuate and with the OECD. The domestic economies of nations have already largely become hegemonic of the global economy (Progress Report and Work Plan for Transport and Trade Facilitation, 2011).
- The main phenomenon shaping the global economy is the inflow of more money (financial capital) than trade in goods and services. These cash flows have their own dynamics. The monetary and financial policies of the hegemonic states are increasingly appearing in the form of reacting to events in the global money and capital markets, rather than effectively shaping them (It is impossible to force us to do something against our strategic partner, 2013)
- In the global economy, labor and natural resources, which are traditional factors of production, are increasingly being relegated to the background. As it has acquired a global quality and become accessible to everyone, money (capital) has ceased to be a factor of production that will give a single country a competitive advantage in the world market. Exchange rates are important only in the short term. Management has gained the quality of being a determining factor of production.
- In the global economy, the goal is not to maximize profits, but to maximize the market. Trade, on the other hand, is increasingly pursuing investment and eventually becoming a function of investment (Zagashvili, 2012: 10).
- According to the old economic theory, the only unit that can organize effective economic policies, at least the most important unit, is the nation-state. On the contrary, there are four main units in the

global economy. The first is the nation-state, the second is regional integration, the third is an autonomous world economy based on money, credit and investment flows, and finally the global initiatives that see the whole world as a market. - In the organization of economic policies, it is not free trade or protectionism that is at the forefront, but the relationship between the regions.

- Recently, the concept of global ecology has gained importance. In this context, it is necessary to develop global policies for the environment (Shkvarya, 2010: 10).

- While the global world economy is a reality, it still lacks the necessary infrastructure and institutions to function properly. In this regard, there is a need for a global law for the world economy.

Some objections to the phenomenon of globalization have been voiced by various groups. However, another group, linking globalization and the information society, highlights the effects of the disappearance of borders on world prosperity (Nazarbayev, 2000: 347).

From an economic and financial point of view, trillions of dollars are circulating in the world's major global currency markets 24 hours a day. Only 10% of this dizzying amount is related to trade in goods or services. Global currency movements have become an extremely lucrative goal in themselves. As banking becomes more global and more speculative, the credit needs of millions of people and small businesses are being met (Nazarbayev, 2003: 183-184).

According to the International Labor Organization's (ILO) 2014 World Commission Report on the Social Impacts of Globalization, world pride in the 1990s, when globalization was most intense, was lower than in the 1980s.

Therefore, there is a need for more participatory and democratic management of globalization at all levels. Despite all its negative aspects, the world is rapidly transforming into a global society. The following example illustrates the point of globalization today (Laumulin, 2005-2006: 347-704):

Despite all its positive and negative aspects, globalization, as a de facto reality, continues to affect states, firms and individuals.

There are four basic categories by which a firm can find a place in the global arena. These are local, international, multinational and global cycles. While a local firm operates only within the borders of its own country, an international corporation (INC) refers to a firm that has trade relations with different countries, provided that the production center is located in a single country. Multinational firms are firms that have commercial and manufacturing activities in more than one country; global firms (transnational, transnational corporations - TNC) are defined as firms that see the whole world as a field of work (Isingarin, 1998: 216).

## Conclusion

The processes observed in the field of international investment cooperation in the CIS are extremely relevant today. Investment cooperation on international and regional projects:

Support to the trade sector. The meeting of the Customs Cooperation Committee in Azerbaijan in 2011 identified the identification of physical barriers to transboundary traffic and the implementation of additional measures aimed at maximizing the efficiency of transport corridors. These include (Shemyatenkov, 2003: 400):

- Modernization of border checkpoints;
- Revision and adoption of customs codes;
- Investing in automated customs information systems;
- Move towards the creation of unified national window systems;
- Improving the risk management system during border inspections.

Energy sector. An Energy Action Plan for 2013-2015 was developed at a meeting of the Energy Sector Coordination Sector in the Philippines in May 2012 and in Thailand in September 2012. The energy action plan combines several components (Ibrashev, 2003: 210):

Development of the Central Asia-South Asia corridor. The options for connecting Central Asian energy resources to Afghanistan's national energy network and then to South Asian energy markets need to be explored in more detail. For this, technically and economically optimal schemes must be selected (Shaikhutdinov, 2005: 528).

Establishment of regional dispatch management for energy systems management. It is planned to conduct regional research aimed at addressing technical, legislative, regulatory and commercial issues aimed at the development of electricity trade.

Management of water and energy relations. A Roadmap has been developed based on the dissemination of information and information products, which will increase the focus on the balance of national and regional analytical tools in the management of water and energy relations (World Energy Outlook, 2014).

Mobility of resources for the construction of energy facilities. The financing potential and initiatives of priority energy infrastructure in the region with its own specific resources should be assessed, and other sources of financing, including private investment, should be studied. Preparatory work should be intensified to support regional mechanisms for the development of potential projects on the basis of public-business cooperation (Daily, 2012).

Implementation of priority projects in the energy sector. The list of energy sector priority projects should be updated in accordance with national and regional priorities. Priority projects reflected in the region's energy plan should also be included. It is necessary to monitor the process and direction of achieving the goals of regional cooperation in the energy sector (Kuznetsov, 2006).

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