EVOLUTION OF WORLD MONETARY SYSTEMS AND STAGES OF ITS DEVELOPMENT

Yusupov Erkinjon Odiljonivich
Master Higher school of business and entrepreneurship
under the cabinet of Ministers of the Republic of Uzbekistan
Email: yerkinjon@inbox.ru

The world monetary system is an international monetary and credit system, formed as a result of the development of the world market and strengthened by agreements concluded between states. The main elements of the world monetary system are: national and world currency units in reserve, the mechanism of the gold ratio and exchange rates of currencies, the condition of mutual repayment, the volume of restrictions, the form of international settlements, the structure of the international currency and gold markets, the status of interstate monetary and credit organizations that manage currency relations, etc. There are 3 world monetary systems:

a) a system that arose at the end of the 19th century on the basis of the gold and silver standard;

b) a system that arose on the basis of the gold standard. This system was legally formalized in 1944 at the US and Bretton Woods conferences;

c) in 1971, the US refused to exchange its dollar at the official price of gold, and the long-standing system of the International Monetary Fund, which was determined by the price of gold on the world market, collapsed. In 1976, in accordance with the agreements of the countries that were members of the International Monetary Fund, a “Floating Managed Exchange Rate System” was established. According to it, the countries that are members of the IMF have the right to independently choose their exchange rates.

The evolution of world currency systems is guided by indicators of reproduction. It is determined not only by the main stages of development of the world, but also by the national economy. Sometimes the principles of the world currency system begin to contradict the structure of the world economy, do not correspond to the distribution of resources between the main centers. This leads to the emergence of an IMF crisis. Currency contradictions arise as a result of the inconsistency between the structural principles of the world mechanism and the variability of the conditions of production, trade and the distribution of world power. The evolution of world currency systems, which will be briefly described below, is determined by the needs of the national and world economy, the need to change the balance of power. Only flexibility and variability, the ability to adapt to the state of financial instruments, have become the basis for the existence and development of modern society.

Let's consider the stages of the evolution of the world monetary system:

• The Paris system of 1867, known as the "gold standard". Each national currency was distinguished by its gold content, from which it was exchanged for other currencies or gold. There was a floating exchange rate.

• The Genoa system of 1922, known as the "gold standard". In addition to gold reserves, each currency in the world was backed by the currency of the leading economic power, mainly the British pound sterling.

• The Bretton Woods system of 1944, known as the "dollar standard". A prerequisite for the formation of the system was the active development of America in the post-war period. Gold was used in limited quantities.

• The Jamaican system of 1976-78, known as the "Special Credit Measures Standard". The SDR acted in the form of assets (specialized entries in the IMF accounts). The introduction of the SDR was explained by the desire of all countries of the world to ensure stability in terms of international mutual settlements.

Gold standard

The evolution of world monetary systems began with the “gold standard”, which was in force from 1867 to the 1920s. The formation of the financial structure occurred spontaneously. The main impetus for the Paris MSS was the industrial revolution of the 19th century and the expansion of international trade on the gold coin standard. The main characteristics of the financial system were the following provisions:

• The gold supply of national currencies was strengthened.

• Gold played the role of a universal means of payment and world money.

• Banknotes issued by the Central Bank were freely convertible into gold. Exchange rates were based on gold parities. Deviations in the exchange rate were allowed within the framework of monetary parities that formed a strictly fixed rate.

• Pound sterling was recognized in international circulation along with gold.

• The internal money supply corresponded to the gold reserves of states, which automatically regulated the balance of payments.

• The deficit in the balance of payments was covered by gold.

• Gold could move freely between the states.

This stage of development was not the most effective, nor was it the peak that the evolution of the world monetary system eventually reached. The Paris monetary system suffered from non-compliance with the rules of the world financial market participants. The flow of gold between states did not always occur. England occupied the position of the main financial state, regulating not only bank interest rates, but also the flow of gold. The main reason for the successful development of the "gold standard" was not its effectiveness as a system, but the calm development of the world economy in the pre-war period.

Gold Exchange Standard

- The stages of the evolution of the world monetary system include the dominance of the "gold standard" from 1922 to the 1930s. After the end of World War I and the restoration of all foreign economic relations between countries, the need arose to form a new MFS. At the Genoa conference, the issue of the lack of gold in capitalist countries to regulate relations in the segment of foreign trade settlements and other transactions was raised. In addition to gold and the British pound sterling, it was decided to introduce the American dollar into circulation. The two currencies took on the role of an international means of payment and received the name of the motto. The system was adopted by Germany and Australia, Denmark and Norway. In terms of its principles, the system almost completely corresponded to its predecessor, the Paris system. Gold parities were preserved, and the role of world money was still entrusted to gold. At the same time, the evolution of world monetary systems led to the fact that certain national banknotes were exchanged not for gold, but for other currencies, called shillings, which were later exchanged for gold bullion.
- Dollar standard
- In 1944, 44 countries of the world gathered for an international conference in Bretton Woods. An agreement was reached to form a regulated structure of correlated exchange rates. The system lasted from 1944 to 1976. Its main features were:
- • The role of world money became gold. In parallel, currencies such as the dollar and the pound were used.
- • International financial institutions were established: the International Monetary Fund (IMF) and the World Bank for Reconstruction and Development (WBRD). The main task of the organizations was to regulate financial relations in the world between the countries that were members of the system. All countries that became members of the IMF automatically became members of the World Bank.
- • A system of adjustable rates was introduced, which allowed the exchange rate to be maintained at the same level or adjusted by prior agreement with the IMF. It was planned to set the rates at a level that would allow countries to develop effectively due to the advantages of international trade and capital flows. Since it was not possible to implement this program, the rates were revised.

- • Make the dollar equal to gold. The evolution of the world monetary system (which will be briefly discussed in this article) led to the fact that all countries sought to have dollar reserves. Only America had the right to exchange currencies for precious metals at a rate of $ 35 per ounce. The remaining states supported them by announcing the rates of their currencies in gold or dollars and buying or selling those dollars on the foreign exchange market.
- • Formation of an international reserve fund. The reserve contribution of each country was determined by the volume of international trade and amounted to 1/4 of gold or dollars and 3/4 of the national currency. It was the share in the fund that directly affected the authorized amount of foreign currency loans from the IMF.
- The evolution of world monetary systems, which can be briefly considered on the example of the standards prevailing in the world, led to the development of world monetary systems during the "dollar standard". The economy began to be determined by the "big seven" countries. They accounted for about 44.8% of the votes. America owned 18%, and Russia 2.8%. This formed a kind of identity in which America and other countries of the "seven" could directly influence the adoption or rejection of any decisions. Since the emergence of this structure, a fairly large amount of material resources have been allocated for the development of many countries.
- Standard for special credit measures
- The evolution of the world monetary system, which will be briefly discussed in the article, did not stand still, and the "dollar standard" was replaced by the "standard for special credit measures". It was adopted in 1976-1978 and is actively used today. The main characteristics of the Jamaican currency system can be considered the following provisions:
- • A major abandonment of the gold standard.
- • The demonetization of gold was officially adopted. The role of the precious metal as a global means of payment was abolished.
- • Gold parities were prohibited.
- • Central banks retained the right to buy and sell gold as a common commodity on the free market at a fixed price.
- • The adoption of the SDR standard, which can be used as world money, as well as the basis for calculating exchange rates, official assets. The SDR is actively used as a basis for accounting records for international settlements and as a unit of account of the IMF.
- • The role of reserve currencies was assigned to the US dollar and the German mark, the pound sterling and the Swiss franc, the Japanese yen and the French franc.

- • The exchange rate is floating, formed by supply and demand in the foreign exchange market.
- • States have the right to independently determine the regime of their national exchange rates.
- • Frequency fluctuations are out of control.
- • The formation of closed currency format blocks, which are considered participants in the IMF, was legalized. A striking example of this type of education is the European Monetary System (EUR).

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