



Development Of The Digital Economy As The Basis Of The Knowledge Economy

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ABSTRACT

The digital economy leads to economic growth, both in an individual country and in the whole world. This article examines the development of the digital economy as the foundation of the knowledge economy.

KEYWORDS

Digital economy, knowledge economy, ICT, information society, technology, infrastructure

INTRODUCTION

The development of economic relations in a competitive environment between different countries and manufacturers, the need to reduce the costs of goods and services and the "maturation" of various innovative technologies gave rise to a phenomenon that should have had a name reflecting the essence of the changes taking place. The influence of digital technologies goes beyond the market of information products and services, covering other sectors of the international economy, affecting and changing the way of life of the entire society as a whole. First of all, everyone pays attention to the development of the Internet and mobile communications - the fruits of which are visible to the naked eye. This led to

the emergence of many terms trying to define the essence of the phenomenon. However, it must be said that only the visible part of innovations can be due to the integration specifics of information and telecommunication technologies that gave names to this phenomenon.

The digital economy is the result of the transformational effects of new general-purpose technologies in the field of information and communication [1]. It has affected all sectors of the economy and social activities, for example, retail, transportation, financial services, manufacturing, education, healthcare, media and so on. This has implications far beyond information and

communication technology. In addition, the Internet empowers people in new directions, enabling them to create and share their ideas, spawning new content, new businesses and markets.

THE MAIN FINDINGS AND RESULTS

The study of the digital economy has become very active in the last decade, for example Don Tapscott [2] studied the digital economy as a future perspective in the age of networked intelligence, and TL Mesenbourg [3] viewed it as a dimension in the digital age. Patrick Delices [4] approached the digital economy as the future of our society.

As explained earlier, the digital economy is based on computing technologies. More and more business result in the connection around the world. It is referred to as a new type of economy that emerges. The rapid spread of ICT all around the world has led to the development of a new kind of product and services, that changes the way we are doing business today. The Digital Economy represents today 15% of the global world GDP. It is relying on personal data, which has been regulated by the EU's directive of 1995, which had the goal to integrate EU within the Digital market. Digital Single Market has been for long a priority for the EU and has benefited of the 2007 crisis as a window of opportunity to act. However, we see how the mandate of the EC is thin, to the heterogeneity of the market, and the fact that the EU has to act ex-post. As a result, Member States lack of coordination. The goals of the Single Market concerning consumers, is to offer a panel of choice at a better price. Yet, the champions of the Digital market aren't Europeans. Due to the network effect, barriers to European businesses that want to enter within the market, the barriers remain even higher. Dominant position harbored by US big tech platforms do not give a wide possibility of manoeuver combined with the volatility of the market.

The information society is the environment in which the knowledge economy can develop. For this, appropriate conditions must be created for transforming information into knowledge and using it for the production of new knowledge, that is, for the introduction of innovations. If this process takes place not only in the economic subsystem, but also in a broader sense, a knowledge society will be created in the entire social system. In this case, the information society will turn into a knowledge society [5].

CONCLUSION

The Organization for Economic Cooperation and Development (hereinafter OECD) defines the digital economy as follows: "The digital economy is an amalgamation of several common target technologies and economic and social activities carried out by people through the Internet and related technologies. This sector also covers the physical infrastructure on which digital technologies are based (broadband lines, routers), various devices (computers, smartphones), applications and their functionality (Internet of Things, data analysis, cloud solutions)"[6].

If we conclude, we can say that the digital economy is a global is, uniting economic activities mediated by information and information and communication technologies. At the same time, the information economy can also be defined simply as a digital economy.

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