

EVOLUTION OF GLOBAL TRADE

Legacies and Contemporary Patterns

Master of International Business



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Session Outline

- I. The Foundations: Why trade?
- II. The making of a Global Economy
- III. Industrialisation & the 1st wave of modern globalisation
- IV. Shocks, shifts and the globalisation we inherited.



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The 5 persistent threads that run from **Antiquity** to the **Present**

- I. Technology as the engine of trade
- II. Power, Violence and inequality
- III. The profit motive and corporate actors
- IV. Ideas about trade: From Mercantilism to Neoliberalism
- V. Structural Continuity: Raw materials South, Value North



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The Foundations: Why Trade



- i. Evidence of Ancient trade
- ii. Continental Trade networks before europe
- iii. Why Europe, the Technology thesis



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Its easy to take a given phenomenon and project backwards convincing oneself along the was that it has always been as it is at present.

(i) Evidence of Ancient trade

- Before any theory, before any institution, human beings traded. This is an Anthropological constant.



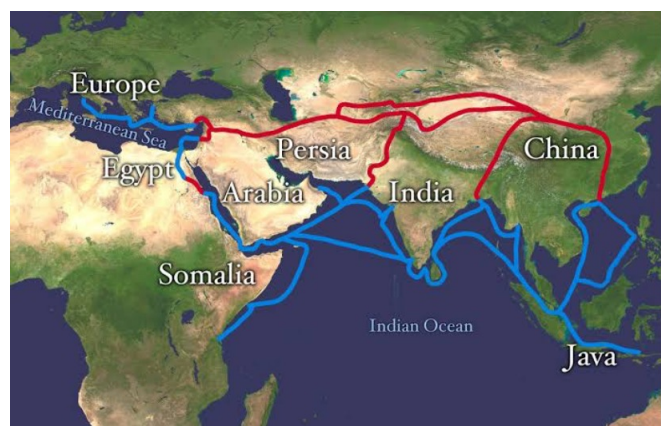
Scientists believe ivory rings found in ancient English burial site were carved in Aksum 1,500 years ago –...

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(ii) Continental Trade networks before Europe

- Before the Europeans 'discovered' global trade, all constinets had functioning, sophiscticated regional trading systems.



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(iii) Why Europe, the Technology thesis

- Medieval Europe Merchants
 - The Caravel: lowered barriers to trade and made previously impossible connections, possible.
 - Each Era of Globalisation has a similar Technology, whats today's?



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Summary: The Foundations

Key Points	Discussion Questions
• Trade is ancient, but globalisation is new	What if China had not stopped exploring in 1433?
• Technology as the enabling condition for trade expansion	Who controlled the silk Road, and why did that matter?
• All continents had sophisticated regional systems	Is the spread of Islam as a trade expander
• Trade routes reflect power, not just price	What technology is driving globalisation today the way Caravels did in the 15th century?
• Europe's rise was contingent, not inevitable	

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The Making of a Global Economy



- i. The violence behind the trade routes
- ii. The commodities that made the modern world
- iii. The first multinational corporations



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a) The violence behind the trade routes

- Global Trade has never been a meeting of equals and that remains as much the case today as it was in the 16th century.



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a) The Commodities that made the modern world

- Between Columbus and the Industrial Revolution, three categories of goods dominated global trade.
 - i. People (Slaves)
 - ii. Money (Gold and Silver)
 - iii. Psychoactive substance (Coffee, tea, sugar, cocoa, tobacco & Pepper)



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a) The first multinational corporations

- The Dutch East Indian Company, formed in 1602, arguably the world's first true transnational corporation.
 - It established the template for the modern transnational corporation.
 - i. Capital is raised across national boundaries
 - ii. Operating in multiple Jurisdictions
 - iii. Wielding significant non-state power & Prioritising shareholder return



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(iv) The rise of the nation state.

- Portuguese and spanish exploration produced an unexpected political side effect:
 - The nation state become the primary unit of economic organisation



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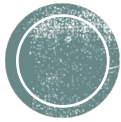
Summary: The Making of a global Economy

- The pattern of raw material extraction from the Global south and value capture in the Global North was established in this era and has never been fully captured.
- The transnational corporation as a more powerful actor than many states as invented in this era
- Violence and coercion (not comparative advantage) built the first global trade system
- Consumer demand (then for sugar and Tobacco, now for electronics and fast fashion) continues to drive global production chains with little accountability.



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Industrialisation & The first wave of modern Globalisation



- i. The Industrial Revolution as a trade revolution
- ii. The transport revolution: Steam, rails and canals
- iii. Ideas that shaped trade policy
- iv. Britain's Trade Dominance, and its shadow

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a) The Industrial Revolution as a trade revolution

A facilitator rather than a driver of global trade

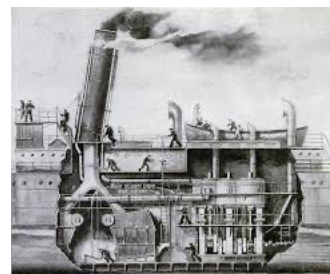
- Until the industrial revolution, the European market didn't necessarily dominate global trade. It was more of a facilitator than a driver of global trade.



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a) The transport revolution: Steam, rails and canals

- Steam power hugely increased the carrying capacity of oceaning ships
- **Result: freight rates fell by 80% between 1815-1850, then fell by 70% per cent between 1870 and 1900.**
- The development of railways followed a similar trajectory.



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a) Ideas that shaped trade policy

- The industrial Revolution produced not just technology but new economic theory

Smith & Ricardo ideas remain the intellectual foundation of international trade institutions today



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a) Britains Trade Dominance, and its shadow

- By the mid-19th century, Britain accounted for nearly half of all global trade.

“Military assaults on a sovereign nation’s right to regulate its own economy”



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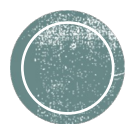
Summary: Industrialisation & . . . modern Globalisation

The 19th Century established the architecture of the global trade system we inhabit today;

- A truly mass global market (not just luxury goods, but bulk commodities at scale.
- Transport and communication infrastructure that reaches inland as well as coastal zones
- An international framework (Smith & Ricardo) that justifies free trade and specialisation



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Shocks, Shifts & The Globalisation we inherited

- i. The 20th century | Globalisation interrupted and resumed
- ii. The shocks of the 1970s and their long shadow
- iii. New technologies, new Powers
- iv. The World we inherited | Quantity without Quality

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a) The 20th century | Globalisation interrupted and resumed

- The 19th century trajectory of expanding global trade was violently interrupted in the 20th century.
 - Twice by world wars, once by a global financial crisis and once by a breakdown of the monetary system.
- Understanding these interruptions is essential to understanding the fragility of today's global order.



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a) New technologies, new Powers

- Containerisation, the quiet revolution
- The Rise of new Trading Powers



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a) The World we inherited | Quantity without Quality

- By 2000, global trade had reached \$ 13 trillion, equal to 42% of global GDP.

I. Persistent Imbalances

II. The Unresolved legacy



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Closing Discussion

The Five Threads Today



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Period	
Thread 1: Technology	Digital Platforms, AI and near zero communication costs are enabling a new wave of services globalisation
Thread 2: Power & Inequality	The WTO's Doha round collapsed partly because developing nations refused to accept terms that mirrored the 19th century pattern
Thread 3: Corporate Power	- Amazon, Apple, Google, Their revenues exceed the GDP of most nations. - Like VOC, they operate across jurisdictions with limited accountability
Thread 4: Ideas About Trade	The Washington Consensus (Free Trade, deregulation, Privatisation) was the dominant ideology from 1980-2008
Thread 5: Structural Continuity	African nations still export primarily commodities



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