

International trade and economy: A historical perspective



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ABSTRACT

The article discusses the historical evolution of commercial relations throughout human history, from primitive exchanges to the contemporary scenario of complex challenges in global trade relations, including the formation of international institutions such as the World Trade Organization and the importance of international logistics in economic development and the competitiveness of

nations. The text highlights the importance of international trade in the development of nations and in fostering good relationships and satisfactory trade relations between nations. The approach methodology is inductive, and the research technique is qualitative bibliographic analysis. The primary objective of this work is to analyze the evolution of commercial relations throughout human history, from the early days of barter to the sophisticated forms of trade today. It will address the crucial phases of this development, from primitive exchanges to complex global trade systems. The results demonstrate that the history of trade is intrinsically linked to the development of humanity, driving economic growth and collaboration between nations. The formation of international institutions has played a fundamental role in fair trade relations and maintaining global peace. International logistics has emerged as a key component in global trade, driving economic development and the competitiveness of nations. The contemporary scenario brings complex challenges, including trade tensions and protectionism, which can negatively affect global trade and economic growth.

Keywords: Business, World Trade Organization, Economic development, International Trade, Comercial relations.

1 INTRODUCTION

The history of mankind is linked with the history of the first commercial relations itself. By leaving the caves and acquiring skills, man ended up starting the process of exchanging goods among the population. In this period there was no presence of regulations and the search for profit, but the exchange of goods due to necessity.

The men then erected the first constructions giving rise to villages, towns and future cities. At the time of the Empires, trading took place in large squares, with no fixed places for trade. Europe went through numerous transformations with the fall of the Roman Empire, giving rise to feudalism where commercial relations had little prominence because production met the needs of the fief in question.



Mercantilism was one of the first principles of trade with the central idea that the country is only at an advantage by exporting more products than importing. This doctrine did not progress, as the adoption of several countries created a scenario of loss. Then, Europe would undergo another major transformation from the Industrial Revolution onwards, with the production of materials on a large scale and trade experiencing great expansion.

Until World War II, relations between nations were bilateral and were more oriented towards protectionism and isolationism. From 1944 onwards, with the meeting of several countries to solve the economic problems causing the wars, there was the creation of several institutions such as the International Monetary Fund, the World Bank, and then the General Agreement on Tariffs and Trade, which would be replaced by the World Trade Organization. The main objective was to reduce trade barriers for free trade, as well as to strengthen international trade and relations between countries.

On the global stage, international logistics plays a prominent role, being fundamental in the development of nations and in the strengthening of world trade. It encompasses the effective coordination of all activities related to the flow of goods, information, and services between different countries and regions. It also emerges as a crucial factor for the economic progress and competitiveness of nations.

The contemporary scenario, characterized by significant political, economic, and commercial changes in recent years, brings to the fore unprecedented challenges for the global dynamics of institutional and trade relations, such as trade sanctions between major nations and large-scale banking and business crises.

The primary objective of this study is to analyze the evolution of trade relations throughout human history, from the beginnings of commodity exchanges to the sophisticated forms of trade in the present day. The crucial phases of this development will be addressed, from primitive exchanges to complex systems of global trade. In addition, the work aims to highlight how international cooperation and the creation of institutions such as the International Monetary Fund, the World Bank, and the World Trade Organization have played a crucial role in reducing trade barriers and promoting free trade.

The methodology used in this study was bibliographic research, with a qualitative approach, through research in scientific articles and specific literature on the topic addressed. The scientific database used was Google Scholar, considering articles published between 2017 and 2023. However, due to the relevance and prominence of research in previous years in the area of study, some were considered in the preparation of this article.

The purpose of this article is to provide up-to-date and pertinent information, enriching understanding of the role of international trade in promoting economic growth and success in the global economy. This approach aims to contribute to the enrichment of the debate in both the academic and



business spheres, providing relevant insights into the dynamics of international trade and its influence on the global economy.

2 DEFINITION OF COMMERCE

Trade is the relationship of transmission of a good or service to another person willing to buy, involving payment in the form of a financial value in currency or even receiving another good or service in exchange.

In contemporary times, the complex universe of commerce flourishes in a multiplicity of scenarios, encompassing not only traditional ports and airports, but also spaces such as logistics warehouses, physical commercial establishments and, increasingly prominently, virtual platforms. This broad spectrum of locations reflects the dynamic adaptation of commerce to the demands of the modern era.

For Sandroni (2016), trade consists of the exchange of goods or values with the aim of obtaining profit. These commercial transactions drive the movement of goods between people, moving them from areas where they are abundant to regions where their availability is insufficient to meet consumer demands. In addition to its primary economic relevance, the act of commercialization stimulates the development of communication and transportation infrastructures, as well as the exchange of cultural influences between various communities.

3 BEGINNINGS OF MANKIND AND COMMERCE

The history of trade is related to humanity's own trajectory on Earth. The first demonstrations of the presence of trade date back to the Neolithic period between 7,000 and 3,000 B.C., a time when humans abandoned caves to live in fixed places, ceasing to be nomadic and beginning to acquire skills in agriculture, writing, livestock, animal domestication and iron metallurgy, for example.

From that moment on, the appearance of the large quantity of goods, began the process of exchanging these items, called barter and outlining the path for the formation of trade. At that time, currencies did not yet exist and the regions of the world adopted some products as currency commodities to facilitate these exchanges, such as: copper, silver, barley, iron bars, rice, metals, among others.

According to Freire (2010), there was no price-oriented economy, which was entirely controlled and regulated by markets, where gain and profit not only played a central role, but also constituted their very essence. It was an economy based on practices such as donations, redistribution, and reciprocity. It was a preliminary form of trade, which was not concerned with the correspondence of values between the items exchanged.



Over a vast period, the first buildings, villages, towns and cities appeared, in which the very development of urban centers is associated with commerce and the human need to move to these places in order to exchange for products of their precision.

This primitive trade was not fixed by prices, regulations and controls but was based on donations, mutuality, exchanges and without concern for monetary equity between products.

4 TRADE IN THE ANCIENT AGE, THE MIDDLE AGES, MERCANTILISM, AND THE INDUSTRIAL REVOLUTION

In the Roman Empire, Egypt, Greece, Mesopotamia, temple cities in Africa, as well as Asia and the East, trade took place in urban centers, in the interior of empires. They were not fixed places of trade and took place in the large squares, where the enslaved peasants sold their harvest and paid the landowner. They were places based on rural trade, agriculture, land, artists, and were the political center. The disintegration of the Roman Empire had a significant impact on the cities that had once prospered, even leading some of them to abandonment.

The period of feudalism began after the decline of the Roman Empire. The working class was made up of artisans and countryside services at this time. Trade, production, and consumption of goods eventually took place within the feudal villages themselves, where activities were carried out to meet the needs of the fief itself. This period was marked by few trade routes, as there was practically no excess production for commercialization.

According to Miranda (2012), the productive system was structured around the leasing of land, where the feudal lord's property was divided into plots of land. These portions were shared between the lord and the servants, the latter being responsible for cultivating the land. Thus, serfs took charge of farming, obtaining agricultural products as a result. The totality of the production arising from the parcels of land under the possession of the feudal lord was directed to this lord, representing a central component in the functioning of the economic and social structure of the time. In addition, in relation to their own areas of cultivation and harvesting, the serfs were obliged to pay a portion of the produce to the lord, since the latter held legal possession of the land. Medieval economics, in general, had its basis in the soil, from which the subsistence resources of the serfs and the wealth of the feudal lords were obtained.

Mercantilism developed between the sixteenth and eighteenth centuries in Europe as one of the first systematized theories of trade. The central premise was the assumption that a nation and its people would reap benefits from ensuring that their exports outpaced imports. This perspective has led to the implementation of various tax and regulatory policies by governments, aimed at preserving a competitive advantage in international trade relations. However, the widespread spread of this doctrine



among countries culminated in a paradigm in which the gains of one nation often translated into losses for others.

According to Calabrez (2020), mercantilist systems were characterized by political interventions aimed at promoting activities within national borders, with the aim of encouraging and safeguarding these activities from competition from other States. Each nation has committed itself to protecting the sectors considered strategic for its economic development in the capitalist context, adopting strict regulations on production and establishing robust tariff protection systems.

As early as the eighteenth century, England would transform Western Europe and other continents with the Industrial Revolution. Technological evolution has allowed industrialization, enabling large-scale production, low production costs, agility and increased profits. Trade has experienced growth due to the abundance of products, reaching large volumes in transactions.

According to Lima and Neto (2017), the Industrial Revolution took place as a response to the challenges and opportunities arising in the context of the global economy. The scenario witnessed an extensive and profound modification of the social structure. Productive paradigms have evolved from an agrarian and manufacturing base to an industrial economic system anchored in principles, methods, and practices of a capitalist nature.

5 PRE- AND POST-WORLD WAR II RELATIONS

Until the Second World War, trade relations were generally carried out through bilateral trade, where countries practically adopted isolationism and protectionism. Taxes and trade barriers were common in imports and exports, to protect interests.

After World War II, in 1944, a portion of the industrialized world met in Bretton Woods, New Hampshire, to discuss the economic problems that regularly caused international wars. During this period, the process of globalization and expansion of industrialized countries began, focusing on their installation in underdeveloped countries, close to a new consumer market and with a wide supply of raw materials at low cost.

The conference produced the International Monetary Fund (IMF) and the World Bank, but not a trade organization to encourage international cooperation." (MILL, 2017).

In 1947, the General Agreement on Tariffs and Trade (GATT) was created, with the purpose of strengthening international trade relations, reducing trade barriers to take advantage of free trade. The GATT has played an important role for 48 years, enabling the advancement of institutional relations, the reduction of international tariffs, and the strengthening and expansion of international trade.



6 THE WORLD TRADE ORGANIZATION

In 1995, a conference in Marrakesh (Morocco) formalized the end of the GATT with the discontent of some countries for not being assisted. In its place, the World Trade Organisation (WTO) was created.

The WTO has anchored itself using part of the GATT base. It has five principles that are the guide of multilateral trade and organization: non-discrimination, gradual trade liberalization, predictability or transparency, fair competition, and differential treatment for developing countries. These principles have been fundamental to global trade relations, as well as strengthened trade and cooperative relationships in a transparent and secure direction.

In addition, the WTO seeks to crack down on unfair practices such as dumping, which is the commercial mechanism for selling products below their cost in order to eliminate competition and adjust trade liberalization.

According to Zanethi (2015), the World Trade Organization currently plays a key role as the main forum and global entity for regulating, protecting and mediating trade issues due to its structure and organization. Through negotiations involving bilateral, multilateral and plurilateral agreements, the WTO seeks to promote the progress of international trade, with the aim of safely facilitating the opening of global trade. This pursuit aims to boost economic growth and development on a global scale, standing out for its solid contribution to the promotion of global governance.

The WTO's work has strengthened several economic blocs, which are usually composed of countries from the same geographic region, where they seek agreements and integrations to strengthen their trade and economic relations.

7 INTERNATIONAL LOGISTICS

International logistics plays a crucial role in the development of nations and the strengthening of global trade. It is responsible for integrating the efficient coordination of all activities related to the flow of goods, information, and services between different countries and regions. International logistics becomes a determining factor for the economic growth and competitiveness of nations with the interconnected world economy.

It is considered an enabler of global trade, allowing products to move efficiently and cost-effectively between different countries. The ability to import and export goods with agility through diverse and efficient logistics modes is essential for economic growth and diversification of economies.

According to Ludovico (2022), in recent years, the logistics industry has stood out as a crucial driver of the economy. This is due not only to the highly specialized expertise that its services demand, making it a key player in the advancement of companies, but also to its key role in creating a favorable environment for the expansion of new business opportunities on the international stage. Through



export or import operations, logistics plays a vital role in facilitating the efficient flow of goods and services across borders.

Investing in international logistics infrastructure and processes can generate direct and indirect jobs in various sectors. The growth in business activity drives the demand for logistics services, transportation, warehousing, and other related services. The search for logistics efficiency in the international chain can lead to innovation. The movement and management of global goods is being transformed with the use of advanced tracking technologies, rapid data analysis and process automation.

8 THE CHALLENGES OF INTERNATIONAL TRADE TODAY

In recent years, the political, economic, and commercial landscape has presented challenges that have affected institutional and commercial relations around the world. The trade war between the United States and China, as well as the trade sanctions imposed on the Russian government due to the war in Ukraine, were landmark events. In addition, crises have been observed in world banks and large Chinese developers that have faced difficulties in repaying debt securities. These developments have the potential to intensify international tensions and significantly impact global trade, the availability of credit for businesses, economic progress, and unemployment rates around the world.

International trade faces a number of significant difficulties today, which arise from a complex intersection of economic, political, and technological factors. Trade tensions and the resurgence of protectionism in many parts of the world have the potential to trigger conflicts and disrupt the smooth flow of goods between nations. In addition, volatility in exchange rates can directly impact the competitiveness of companies, while divergent regulations and technical standards between countries can create non-tariff barriers, increasing the complexity and costs of business operations. Unexpected events, such as the COVID-19 pandemic, have revealed the fragility of global supply chains and the vulnerability of trade to sudden disruptions. All of these difficulties highlight the need for a collaborative and innovative approach to addressing the obstacles that international trade is currently facing.

According to Carvalho (2022), the stability of the global system has been affected by the increased rivalry between the United States and China, the repercussions of which have the potential to spread on a global scale.

9 FINAL THOUGHTS

The evolution of the population on Earth is associated with the history of trade itself. From the beginning, man related to the other villages in order to exchange goods. The evolution of society is visible with the very organization and progress of trade. Economic and cultural development has



happened since Antiquity, due to the strong commercial and cultural relations that have been taking place, allowing the prosperity of nations. Already in periods of little relationship and isolation such as feudalism and the period before the Second World War, the world showed great signs of misery and underdevelopment.

With the coming together of several countries to solve the economic problems that plague wars, the world has been able to observe in recent decades great economic progress and great relations between States. The emergence of institutions such as the IMF, the World Bank, GATT and especially the WTO, allowed to improve economic and social development and coordinate market policies among nations. The presence of the WTO has enabled fairer trade relations, world economic growth and the maintenance of peace, through good trade relations and economic and financial conditions between nations.

The strengthening, balance and clear rules for the performance of commercial activities have allowed a great increase in income and employment rates in the countries. International organizations play a crucial role in regulating and coordinating trade relationships between countries, and international laws and agreements help ensure that businesses can operate globally in a legal and responsible manner.

International logistics emerges as a fundamental piece in the global structure, acting as an essential foundation in the development of nations and in the promotion of world trade. By deftly coordinating the flow of goods, information, and services between distinct nations and regions, it plays a key role in the interconnected economy. Importing and exporting products efficiently plays a crucial role for the economic growth and competitiveness of countries.

The recent political, economic and commercial conjuncture brings to the fore a crucial challenge for institutional and commercial relations on a global scale. Several incidents have the potential to intensify international tensions and negatively influence trade, access to business credit, economic progress, and unemployment rates globally. The current international trade landscape is faced with a number of significant challenges, stemming from economic, political, and technological factors. Trade tensions and the resurgence of protectionism in various parts of the world can instigate conflict and disrupt the normal flow of goods between countries.



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