The enemies of trade

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Globalisation, which is simply a process which favours greater exchange by overcoming geographical distances and administrative and cultural obstacles, is being called into question. Its contribution to economic growth and people's well-being is being downplayed, while the role it plays in increasing income inequality, by encouraging the relocation of activities and employment, is being highlighted.

The trade in goods, the most direct manifestation of globalisation, is changing in line with economic growth, resulting in greater dynamism. Over the past 150 years, only the period between the 1st and 2nd World Wars saw trade grow at a slower rate than GDP, and when it was at an all-time low. In the last five years, since the end of the recession, and without having recorded such low levels, growth and trade are still below normal in terms of the previous two decades (the most outstanding period in the past one and a half centuries).

This close relationship between economic activity and trade indicates that a significant part of the recent slowdown is the result of the same factors. Among these, it is worth highlighting the performance of the Chinese economy, which has gone from an average annual growth rate of 10.5% between 1991 and 2010 to a level in 2011 that is almost 4% lower. China's faster rate of development also suggests an intensification of the rebalancing of its economy, from trading in goods to meeting its population's growing need for services. This would seem to point to a lesser role for trade in the economy than was the case in the last wave of globalisation. This period saw a boost to trade that coincided with lower transport costs and tariffs and fewer non-tariff barriers as far as imports were concerned. This latter element was a driving force behind free trade agreements and the multilateral governance of global trade, culminating in the World Trade Organisation.

This encouragement of liberal trade policies and globalisation lies somewhat dormant, to say the least. According to World Bank figures, the percentage of international trade subject to non-tariff barriers is rising. In theory, these barriers are temporary, until the disputes that led to them are settled or the factor that caused them to be raised disappears, even though in 2013, they accounted for 2% of trade in the world's 20 leading economies. It is a figure that started to grow with the global recession of 2008-09. The rhetoric of market-focused trade, or one which stands opposed to agreements such as TPP or TTIP, is only the most recent sign of the decreasing importance given to the exchange of goods, services and capital beyond one's borders. This is a vicious cycle in which low growth hinders the adoption of liberalising measures, no short-term benefits are noted or else they are at best uncertain and may lead to higher costs for some specific activities and jobs in the short term. However, it can be demonstrated that not only is there a positive relationship between economic growth and trade but that it also results in higher per capita income and a greater degree of openness, measured in terms of the lack of restrictions on capital accounts and the lower tariffs and taxes levied on imports. This is because globalisation not only means a relocation of jobs and other economic activities, but also, for example, greater purchasing power - something which is more important to those with the lowest incomes - due to the greater competition and production efficiency through the creation of international value chains.

Nevertheless, it is also true to say adaptation to change and transformation can mean higher costs which have to be tackled with policies that focus on the long term. For example, education and training in order to be at the forefront of the technological revolution. The sooner we start on this path the better. This will be the best way to ensure we do not run the risk that the enemies of trade end up making technology their latest scapegoat.