

# Research of Theories on International Trade from the Perspective of Globalization: 1945-2023

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**Abstract:** Starting from the historical evolution of international trade theories from the perspective of globalization, this paper, combined with three clues, mainly discusses and studies the characteristics of the evolution of international trade theories in different periods of globalization, and whether the development prospects can be proposed through the historical clues of the evolution of international trade theories. Then, through detailed analysis, this paper lists a table to facilitate the comparison of the evolution characteristics of international trade in different times of globalization and puts forward the possible development prospects. This paper is helpful to provide ideas for various related studies. At the same time, economic globalization with trade globalization as its main content has a profound impact on China's economic development. In-depth analysis and grasp the current trend and characteristics of international trade is of great significance for grasping various opportunities brought by economic globalization.

**Keywords:** International trade theory, Globalization eras, The evolution of international trade theory

## 1. Introduction

### 1.1 Research Background

International trade theory provides an in-depth interpretation of the emergence process, development process, and basic status quo of international trade in the world from the theoretical level. The development of international trade theory has been nearly 300 years. Looking at the evolution history of international trade theory, international trade theory is mainly divided into five stages: mercantilist doctrine, classical trade theory, neoclassical trade theory, new trade theory and new-new trade theory.

(Cross-border e-commerce theories currently under development have not yet been perfected, so they are not listed here).

The following table briefly summarizes the history of international trade development and the history of international trade theory:

*Table 1: History of International Trade Development and History of International Trade Theory*

The real world history of international trade development	The first stage: from the end of the 15th century to the end of the 18th century	The second stage: 1760s to the end of the 19th century	The third stage: the end of the 19th century - the beginning of the 20th century	The fourth stage: the end of World War II (1940s and 1950s)-1980s	The fifth stage: since the 1980s
History of International Trade Theory	Mercantilist doctrine: early mercantilism and late mercantilism	Classical trade theory: free trade theory (absolute advantage and comparative advantage theory), protection trade theory	Neoclassical Trade Theory: The Resource Endowment Model or the H-O Model	New trade theory	New-new trade theory

According to the theory of experience economy, agricultural economy, industrial economy, service economy, and experience economy are the four economic forms of the sequential development of human society. With the expansion of social and economic forms to the world, four waves of globalization have been triggered in turn: trade globalization, manufacturing globalization, service globalization, and experience globalization (Table 1). Based on the perspective of economic globalization, combined with

the map and the three clues of "Marxist historical materialism", "micro to macro", and "trade thought history", I will systematically explain the evolution of international trade theory from 1945 to 2023 (that is, mainly explain the fourth and fifth stages in the above table) under the background of different eras of economic globalization.

### **1.2 Research Questions**

**Question one:** What are the characteristics of the evolution of international trade theory in different eras of globalization? (trade globalization, manufacturing globalization, service globalization, experience globalization)

**Question two:** Can the development prospect be put forward through the historical clues in the evolution of international trade theory?

### **1.3 Research Meaning**

#### **1.3.1 Better provide scientific theoretical guidance for practice.**

The evolution and replacement of trade theories in the past dynasties all reflect the trade practice of a specific era, and provide theoretical guidance for practice.

#### **1.3.2 It provide ideas for various research.**

With the development of economic globalization, analyzing the innovation of dialectical international trade theory from multiple perspectives, paying attention to its interaction with international political economy, provides ideas for the study of international political economy<sup>[1]</sup>.

The development of international trade theory is also full of waves of confrontation between free trade and protectionism from time to time, thus promoting the continuous contention and improvement of the two schools of thought.

#### **1.3.3 This is of great significance to all countries.**

Economic globalization, with trade globalization as its primary content, has exerted a profound impact on world economic and commercial development. In-depth analysis and grasp of the current trend and characteristics of international trade is of great significance for scientific decision-making, participation in international economic cooperation and competition in a wider range, a wider field and a higher level, and a good grasp of various opportunities brought by economic globalization.

#### **1.3.4 Methodology**

The productive forces determine the relations of production, and the economic base (the sum of the relations of production) determines the superstructure. Science and technology are the most dynamic and revolutionary elements of productivity. In addition, the evolution of economic forms in any era starts with the evolution of commercial organizations at the level of micro-enterprises driven by technology, gradually changes the old economic forms, and eventually extends to the level of middle industry and macro economy, which eventually leads to profound changes in the overall economic forms. Therefore, this article will follow the following three clues to conduct research<sup>[2]</sup>.

The first is the clue of "Marxist historical materialism", which analyzes how the progress of science and technology leads to the revolution of social productive forces, then leads to the change of social production relations (economic basis), and finally leads to the change of the new superstructure (mainly refers to the related trade thought and statistical system). The second is the "micro to macro" clue, from the micro enterprise level of business and organizational model reform to the macro level of international division of labor and industrial opening mode transformation. The third is the clue of "the history of trade thought", which analyzes the motivation of the development of trade theories and how to promote the mainstream trade theories from classical and neo-ancient Austrian trade theories to new trade theories, from new-new trade theories to the current development of cross-border e-commerce theory, so as to achieve the intergenerational replacement of mainstream trade theories.

## 2. Discussion and Results

### 2.1 *The era of trade globalization*

Expanding the world market through international commodity trade is the main feature of the stage of "trade globalization". Due to the strict investment barriers in the world, the economic and trade links between countries are mainly commodity trade. In the international economy at that time, the division of labor between industries was dominant, and its essence was the division of labor among countries with different levels of economic development, mainly manifested in the division of manufacturing (manufactured goods), agriculture and mining (primary products) between developed and developing countries. During this period, the state was the main driving force of economic globalization. The governments of developed capitalist countries used their national strength to tear down trade barriers, integrate various markets in the world, and committed themselves to maintaining this vertical international division of labor system.

In this regard, Marx once pointed out, "The bourgeoisie, by opening up the world market, has made the production and consumption of all countries universal...Their products are not only for consumption at home, but also for consumption around the world...The past state of local and national self-sufficiency and isolation has been replaced by the mutual contact and interdependence of various peoples "-- this basically reflects the characteristics and general conditions of the era of trade globalization.

During this period, the Western mainstream trade theory developed from Adam Smith's absolute advantage theory to David Ricardo's comparative advantage theory, and then Ohlin introduced the multi-factor analysis method and developed the trade theory (H-O model) to explain the international division of labor by using factor endowment structure and relative price difference, and finally formed the combination of technology, factor endowment and preference in the 1950s. The standard model of neoclassical trade theory, which is integrated and established based on general equilibrium analysis framework, so as to the constant revision and improvement of inter-industry trade theory in logic -- the common theoretical premise is that only commodities can flow freely between countries, while production factors cannot flow across borders -- can reasonably explain the basis of international inter-industry trade and its practical benefits in this period<sup>[3]</sup>.

### 2.2 *The era of manufacturing globalization*

In Western society before the 1970s, enterprises were generally faced with a market environment of material shortage -- the market demand was relatively undiversified and product production was in short supply. Corresponding to this is the business model characterized by B2C, which focuses on manufacturers, treats consumers equally, and maximizes the benefits of economies of scale through standardized mass production. Accordingly, social production is a kind of linear supply chain dominated by core manufacturers, which takes cost reduction and quality improvement as the competitive basis and the scope of cooperation is relatively limited. It is accompanied by the "Taylor system" organization mode with the typical characteristics of bureaucracy, functional division and scientific management. Accordingly, social production is a kind of core manufacturers, which takes cost reduction and quality improvement as the competitive basis and cooperation. As a linear supply chain with a relatively limited scope, it is accompanied by the "Taylor system" organization model with the typical characteristics of bureaucracy, functional division and scientific management, which jointly shapes the most solid core of industrial economy at the micro level. If the first industrial Revolution realized the transition of social economy from agricultural economy to industrial economy, the main economic output of the society was primary products (agricultural and mineral products) and products (manufactured goods); Then, the second industrial revolution made the industrial economy completely occupy the dominant position of the society -- products (manufactured goods) became the main carrier of value in the society, and the economies of scale of "small varieties and large quantities" became the main economic form of the society.

With the expansion of the second Industrial Revolution to the world, the world economy began to enter the era of manufacturing globalization. The international division of labor gradually deepens from inter-industry to different product levels in the manufacturing industry, and the mutual trade of manufactured goods between developed countries has become the main feature of this era. At the same time, with the continuous reduction of investment and trade barriers worldwide, transnational large enterprises began to invest in low-wage countries to set up factories, further promoting the international division of labor within the industry. Commodity trade and transnational investment (FDI) have become

the main links of the international economy in the era of globalization. However, the development of theories often lags behind trade practices -- it was not until the late 1970s that the theoretical circle put forward the "new trade theory" which could properly explain the intra-industry trade phenomenon. This theory broke through the assumption of perfect competition and constant returns to scale of the neoclassical theory, and through the assumption of market structure, returns to scale, demand attributes and other aspects, from the perspective of economies of scale rationally explain the phenomenon of mutual trade in manufactured goods among developed countries; The "technology gap theory", "product cycle theory", "overlapping demand theory" and other trade theories born in the earlier period also explain the phenomenon of international intra-industry trade from different perspectives, which together improve the logical framework of intra-industry trade theory.

In the era of manufacturing globalization, countries are still the protagonists of economic globalization, and the division of labor between countries is mainly based on different industries and products. Adapted to the international trade statistics system is that the IMF based on "people" and "non-residents" classified based on international balance of payments account system (Balance of Payments Account: BOP), its essence is based on a country's customs frontier accounting basis of international trade statistics system (dependency to implement statistical principles), to a more reasonable solution Trade gains for participating countries in an international environment with less transnational flow of factors of production. In the era of industrial economy, the division of labor of industries is the main feature, and the boundaries of agriculture, industry and service industry are clearly defined, and the boundaries of industries within each industry are roughly clear. Therefore, the traditional vertical industrial structure theory (namely, the traditional division method of the first, second and third industries) is effective in dividing industries, analyzing economic dynamics and grasping the law of economic development based on the differences of material production and processing objects. Therefore, in the international economy, an implicit judgment thinking of a country's "industrial upgrading" is the transfer of key processing objects or the replacement of leading industries, that is, to judge the overall level of a country's industrial structure by the proportion of secondary (industrial) or tertiary (service) industries or the proportion of leading industries in the national economy -- this is a typical mode of industrial structure adjustment.

### ***2.3 The era of service globalization***

In the 1970s, the progress of IT technology triggered the first information revolution, which promoted the globalization of manufacturing to the globalization of service. The essence of the first information revolution was the "computing revolution," with the spread of computers and the Internet making professional computing possible. In the 1970s, the progress of IT technology triggered the first information revolution, which promoted the globalization of manufacturing to the globalization of service. The essence of the first information revolution was the "computing revolution," with the spread of computers and the Internet making professional computing possible<sup>[4]</sup>.

In addition, industrial civilization reached a historical peak in many developed countries in the 1970s. After the industrial economy produced a large amount of material wealth for the society, almost all industries had an oversupply situation, and the standardized mass production mode could no longer effectively meet consumers. The market pattern gradually changed from a seller's market to a buyer's market, and social demands began to emerge the variable characteristics of travel alienation. In order to cope with the change of market pattern, enterprises have also begun to transform and explore the traditional business model. Finally, in the 1990s, the business model of mass customization<sup>[1]</sup> began to emerge. According to the experience economy theory, large-scale customization of products can automatically turn them into services. Therefore, the emergence of mass customization, in essence, is the micro manifestation of society from industrial economy into service economy. This model takes into account the benefits of scale economy and the individual needs of consumers. The essence of the economic form presented is to establish the economy of scope based on scale economy. Accordingly, the traditional pyramid management system is also impacted, and the enterprise organization mode is in a transition period of dramatic change. The "Theller system" characterized by bureaucracy and centered on scientific management is severely impacted.

In fact, the transnational transfer of services had already begun in the 1950s. The United States adopted the 9800 tax code in 1964, which encouraged the transfer of labor-intensive manufacturing processes abroad, marking the rise of the division of labor within manufactured products between developed and developing countries. But the real large-scale transnational transfer of services was after the first information revolution, especially after the 1990s, with the wider popularization of the Internet and information technology and the further relaxation of economic regulations on offshore services by

governments, which greatly promoted the development of service trade. Information technology has broken the constraints of inseparable service production and consumption and non-storage of service in the past, so that the depth and breadth of the international division of labor has been expanded, gradually from inter-industry and intra-industry division of labor, into the international system of division of labor mainly within products, and extended to different processes of service production and some supporting service processes of product production process.

The traditional vertical industrial structure theory takes products as the basic object of the division of labor, and takes the inseparability of products as the implied premise. Therefore, any product is classified into different industrial types according to its different natural attributes. In the age of service globalization, the value chain, industrial chain and supply chain, which are linked by the global flow of commodities, capital and information and dominated by transnational corporations, have been widely extended around the world. The producer service industry has been growing increasingly apart from the primary and secondary industries, and at the same time, it is fully integrated with the primary and secondary industries, especially the whole process of manufacturing, which has completely overturned the primary, secondary and tertiary industries the mode of independent development of each industry. The vertical structure of the three industries becomes more complex because of their horizontal integration. It is difficult to determine the specific position of a certain industry or industry in the vertical. The traditional vertical industrial structure theory reflects the limitations of theoretical interpretation. In this context, the academic community began to turn to the "industrial division" and "industrial upgrading" research based on the "value chain" idea. Gerriffi focuses on improving the value acquisition of a country's industry in the international division of labor, regards a country's industry as a part of the global value chain, and regards industrial upgrading as the climbing process of the country's (region's) enterprises and the industry as a whole on the value chain or between different value chains. Domestic scholars Lin et al. broke the traditional industrial theory assumption that commodity is the minimum research unit and put forward the horizontal industry theory [2]. The theory of upgrading global value chain and the theory of horizontal industrial structure provide an effective analytical tool for us to measure the level of industrial structure of a country (region) and compare the national competitive advantages of different countries in the era of service globalization.

#### ***2.4 The era of experience globalization***

In recent years, the progress of cloud computing and big data technology has triggered the second information revolution, and the social economy has begun to transform and upgrade from service economy to experience economy, which will surely promote the world economy to leapfrog from service globalization to experience globalization. The essence of the second information revolution is the "data (DT) revolution" -- China and the United States are racing to take the lead in the wave of data technology, which has become the core resource to stimulate productivity. At present, "cloud computing + big data" has been popularized, replacing the technological development track of "computer + software" and providing low-cost computing resources for the society. On this basis, "Internet" began to expand to the field of "The Internet of things", seeking the intelligent interconnection of everything and expanding human intelligence. The new generation of "cloud + network + terminal" infrastructure "superimposes" traditional agricultural and industrial infrastructure, builds a network platform for global trade and exchange, leads the emerging business ecology, and becomes the cornerstone for the emergence of global innovation and trade. If we say that the development of IT technology means the beginning of information civilization, the current development of cloud computing and DT technology means that information civilization is gradually becoming mature [1].

With the significant increase in the abundance of socially homogenized products, the social consumption demand increasingly presents the characteristics of alienation, fragmentation and individuation. At the same time, with the proliferation of smart terminals, consumers are increasingly informed, connected and proactive. The change in market environment forces business organizations to evolve to the "cloud system" organization model of "platform + small enterprises (individuals)", to "catch" a large number of "small as fast as possible" demands. Cloud computing and big data also provide technical support for large-scale personalized marketing of enterprises. With the personalized recommendation of search engines, big data mining, SNS marketing and other means, enterprises can finally quickly approach the extreme of personalized marketing, direct to countless decentralized and personalized consumer needs, so that it can be aggregated into a certain scale, can support the establishment of personalized business segmentation the market. The progress of data technology and the change of market environment are also forcing the flexibility of the production end of enterprises and the socialization of the supply chain -- the value collaboration network based on big data and large-scale

real-time collaboration is gradually becoming a reality. Accordingly, the socially-dominated business model will also shift to the C2B model<sup>[3]</sup>. The consumer-centered and personalized customization is a key aspect of the C2B (Consumer-to-Business) business model. Under this model, enterprises shift their competition basis towards providing unique and tailored experiences for individual consumers. As a result, the spirit of craftsmanship, which emphasizes continuous improvement and willingness to invest time and effort to achieve the highest quality output, becomes increasingly important in this context.

### 2.5 Evolution characteristics of different globalization times

Throughout the history of economic globalization, it can be seen that the leading scientific and technological progress in each era almost created the representative infrastructure of different times, which led to profound changes in the production management mode and economic form of the era, evolved different forms of international division of labor, and then gave birth to different protagonists of globalization and corresponding trade theories. International trade statistics system and industrial upgrading model.

Here is a summary.

Table 2: A comparison of the evolution characteristics of different globalization eras

Globalization Eras	Product Globalization		Service Globalization	Experience Globalization
	Trade Globalization	Manufacturing Globalization		
Dominant Technology	steam	electric power	IT technology	DT technology
Business Model	B2C		mass customization	C2B
Main Link	commodity	commodity + capital	commodity + capital + information	data + factors of production
Protagonist	country		multinational corporation	small individual
Dominant Division of Labor	inter-industry division of labor	intra-industry division of labor	intra-product division	platform sharing
Mainstream Trade Theory	neoclassical trade theory	new trade theory	new-new trade theory	cross-border e-commerce theories
Industrial Upgrading Mode	industrial structure adjustment mode		global value chain upgrading model	escalation mode of output

### 2.6 Prospects for the development of international trade theory

In the predictable era of experiential globalization, the Internet is changing the traditional dominance of multinational corporations, and a "de-corporatization" business movement is quietly beginning. In the era of service globalization, the global value chain dominated by large multinational companies may be broken. With the power of e-commerce platforms, small and micro individuals begin to become the main force of global trade (Table 2). In this era of DT, data will become a more core factor of production than land, capital and labor, and deeply integrate with traditional factors of production, becoming the most basic and major link connecting the global economy<sup>[5]</sup>.

Today, little by little, Friedman's prediction of Globalization 3.0 is coming true. In the face of the transformation of the international division of labor and the globalization reality of the rise of small and micro forces, it is necessary to innovate and even upgrade the trade theory. It can be predicted that cross-border e-commerce is not only an important form of current international trade, but also the mainstream trend of future international trade development<sup>[2]</sup>. In the current economic circle, the development of trade theory seriously lags behind practice. A group of practical experts and scholars represented by Ali Research Institute in China have put forward a series of valuable academic views on the cross-border economy, inclusive trade, world e-commerce platform, e-commerce platform governance and other aspects, representing the forefront of cross-border e-commerce theoretical research. At present, the theoretical research of cross-border e-commerce is fragmented, far from systematic, and seriously disjointed from the mainstream trade theory. On the whole, the theory of cross-border e-commerce is still in the embryonic stage of development, and China, which is at the forefront of global e-commerce practice, is in the crucial stage of cross-border e-commerce theoretical innovation<sup>[3]</sup>.

### **3. Evaluate**

#### **3.1 Advantages**

This paper compares the different characteristics of the pattern of international production and division of labor in different globalization times, and then describes the historical picture of the evolution of international trade theory. In the current era of experiencing globalization, it has a certain understanding significance of the grasp of international economic laws and the formulation of government policies.

#### **3.2 Disadvantages**

This article only selects a certain period of history, the analysis is relatively one-sided.

There are a lot of relevant works on international trade theory, but this paper does not make an in-depth study of it.

#### **3.3 Model improvement/extension**

In the era of service globalization, we need to use different and innovative research perspectives to deeply understand the new phenomena and problems emerging in the contemporary international economy and trade<sup>[6]</sup>.

### **4. Conclusion**

Since 1945, the theory of international trade from the perspective of globalization has undergone great development and evolution. This period began with reconstruction and economic recovery and continues until 2023, as the global economy becomes closer, trade liberalization, regional economic integration and the growing impact of multinational corporations.

In the early stage, international trade theory mainly focused on comparative advantages and resource endowment. These theories provide the basic framework for explaining the trade patterns and trade interests among countries. For example, the H-O theory (Heckscher-Ohlin Theory) states that the trade pattern between countries will depend on their differences in resource endowment, and each country will export those goods that intensively use its rich resources and import those that intensively use their scarce resources.

However, with the acceleration of globalization, especially the rise of neoliberal economic policies since the late 1970s, international trade theory began to focus on more complex market structure factors such as economies of scale, incomplete competition and product differentiation. For example, Krugman's (Paul Krugman) "New Trade Theory" (New Trade Theory) suggests that the existence of economies of scale even with the same resource endowment would lead to the emergence of specialized production and trade.

In addition, the concept of global value chain (Global Value Chains, GVCs) is also increasingly valued. This theoretical perspective emphasizes the decentralization of the production process and the role that different countries play at different stages of the production process. The global value chain theory not only explains the trade patterns between countries, but also reveals how international trade affects the specific industries and enterprises of the national economy.

At the same time, the rise of environmental economics and sustainable development concept also has an influence on the international trade theory. This includes concerns on issues such as green trade barriers, carbon footprint and sustainable production methods. How to find a balance between economic development and environmental protection has become an important issue in international economic policy.

By 2023, the rapid development of digital technology and artificial intelligence has further changed the face of international trade. Digital trade theory and platform economy have become new research hotspots. These theories focus on cross-border transactions of digital products and services, data flows, and the role of platforms in promoting trade. At the same time, digital technology poses new challenges, such as data security, privacy protection, and the digital divide.

To sum up, the international trade theory from the perspective of globalization has experienced

profound changes and development in the past 70 years. From the theory of comparative advantage and resource endowment to new trade, global value chain, environmental economics and digital trade, these theories not only explain the patterns and interests of trade between countries, but also reveal the impact of globalization on economic development and policy making. With the development of science and technology and society, we have reason to believe that international trade theories will continue to develop to better adapt to the complex realities of globalization.

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