

There's going to be a lot more of it, although we may not recognize all of it as trade as we presently know it.

Let me explain.

Even 50 years ago, there was only a fraction of the world's population that had any disposable income that is any money to spend on anything beyond staying alive meaning fed, clothed, sheltered. Consumerism – the ability to spend money on non-essentials – was restricted to very few, outside North America. Even in Western Europe, where a middle-class had been developing for a century or more, disposable wealth was in very few hands. So trade was tiny, because so few people had any money to spend.

The last 50 years, and particularly the last 20, have changed all that. Furthermore, the rate of change, of the development of a middle-class with spending power, from a peasantry with none, has also been accelerating. The wealth distribution it took Britain and Germany 70 years to achieve, it took Spain 25, (starting only in the mid' 60s) and more recently, in the most successful developing countries, only 10. China has probably brought more people from the peasant category to the consumer one from a subsistence level to having some disposable income, in the last 5 years than all other countries rest in the last 25. (I have heard figures of 150 – 250 million people for China) and figures are only slightly less daunting for India, despite having had a middle-class for much longer. There is no need to labour the point further. The implications for trade are explosive, as spending power increases in the developing world, albeit with intermittent setbacks as we saw in Latin America in the 80s and in 1995 and are now experiencing in Asia.

So what sort of trade is this going to be ?

Well, different, and as I said and not so readily identifiable. Yes, the sale of manufactured goods between nations will grow in line with foreign investment flows, and yes the multinationals will continue to account for a growing proportion of this. However, increasingly it will be within giant trading blocs, whether an enlarged European Union with one currency, a Free Trade Area of the Americas also using one currency eventually, and meanwhile a growing Mercosur bloc in South America. Multinationals will grow complementary facilities in different countries within the same bloc, blurring the national distinctions of the finished article. In North America the autopact was the forerunner of this and the maximization of NAFTA by the auto companies, now being followed by others with significant productive capacity in places like Brazil and Mexico supplying components for plants in Canada and the USA, and vice versa. All this will grow, and grow rapidly.