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Globalization, Free Trade, and Economic Growth

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Abstract

This article aims to identify the main trade policy instruments capable of promoting economic prosperity across different global economic systems. Its primary objective is to demonstrate that debates surrounding international trade policy instruments that positively influence economic growth have recently regained significant global attention. More specifically, the study observes that countries which adopted import-substitution industrialization policies during the 1950s and 1960s, aimed at protecting domestic production, experienced a decline in economic growth compared to periods of economic liberalization. This outcome contributed to the adoption of globalization policies in developing countries during the 1970s and 1980s. The present study supports this latter hypothesis, given its relevance to the structurally fragmented economies of member states of the West African Economic and Monetary Union (WAEMU). The analysis covers the period from 2004 to 2025, constrained by data availability limitations.

Using an econometric model to test the proposed hypothesis, the results indicate that globalization exerts a positive effect on economic activity within WAEMU, with an estimated coefficient of 10%, corresponding to an approximate economic growth rate of 100%. It stimulates investment, reduces public expenditure, and can contribute to political stability. However, it also significantly affects inflation, with an average impact estimated at 50%.

In light of criticisms from anti-globalization perspectives regarding its adverse effects, the study suggests a policy of partial trade liberalization, characterized by moderate tariff rates (around 35%) combined with the maintenance of non-tariff measures related to quality and quantity to protect domestic firms. Such a model of free trade should, however, be grounded in reciprocal economic interests and strict respect for national sovereignty.

Keywords: *economic growth, free trade, globalization, WAEMU.*

Introduction

Specialists in international macroeconomics, particularly those focusing on the CFA franc zone, have rarely examined the effects of international trade policy instruments on economic growth accompanied by low and stable inflation. Yet, an anti-globalization author argues: *"Globalization has made us consumers of goods we do not produce and exporters of goods we do produce."* In the international macroeconomic literature, globalization, in its broad sense, refers to the interdependence of economies, cultures, and populations worldwide, driven by cross-border trade in goods and services, the diffusion of technologies and information, and capital flows, particularly foreign direct investment (Huwart and Verdier, 2012).

In a narrower sense, economic globalization refers to the process of increasing integration of global markets, characterized by intensified exchanges of goods and services, capital, technology, and labor. It fosters the interdependence of national economies, accelerated by trade liberalization and advances in transportation and communication (Carroué, 2018).

Debates between proponents of free trade and advocates of protectionism center on the effects of expanding global trade on economic growth. Globalization enables countries to specialize in the production of goods for which they are best endowed with factors of production such as labor,

capital, and land, as well as their qualitative attributes (Heckscher, 1919; Ohlin, 1933). International specialization in goods with the lowest absolute labor costs generates monetary gains (Smith, 1776), while comparative cost advantages allow countries to achieve cumulative gains even when costs are only relatively lower (Ricardo, 1817). Export specialization yields financial gains when production factors are of high quality (Leontief, 1953). Technological advantages reduce production costs and enable the creation of new products (Posner, 1961; Vernon, 1992), thereby allowing firms to benefit from international trade. Furthermore, industrialization through the "flying geese" pattern contributes to economic development (Akamatsu, 1935), while international trade stimulates domestic consumption before satisfying external demand (Linder, 1961).

However, free trade can also generate economic imbalances, such as layoffs during crises and downward pressure on wages. This justifies the protection of both mature and infant industries (Kaldor, 1961). Despite their abundant natural resources, the United States did not achieve economic take-off solely through a free trade regime (List, 1856), who emphasized the need to distinguish between the short-term benefits of free trade-such as lower-cost imports and its long-term disadvantages, including potential harm to domestic productive capacity.

Similarly, Hamilton and Carey, like List, observed a correlation between periods of strengthened protectionism and increased national prosperity. While exports generate monetary inflows such as gold and foreign exchange, mercantilist thinkers argue that true wealth lies in domestic production, which must be protected (Bodin, 1568; Montchrestien, 1616).

Nevertheless, during the 1950s and 1960s, many developing countries believed that economic prosperity would result from import-substitution industrialization policies. They implemented tariff barriers to protect final consumer goods industries, such as agro-processing and automobile assembly. However, the outcomes were characterized by very low growth rates, and some countries, such as India, even experienced economic decline accompanied by high levels of poverty.

These outcomes are often attributed to the fact that import restrictions led to domestic production at inefficiently small scales. This issue is compounded in developing countries with relatively small domestic markets, such as Brazil and India, whose internal markets represent only a fraction of those of the United States or the European Union.

It is within this context of insufficient results from protectionist policies in developing countries that the present study is situated. The paper analyzes the effects of international trade policy on economic growth in developing economies. More specifically, it combines theoretical and empirical analysis focusing on West African countries, using secondary data sources and statistical and econometric methods. The findings suggest that globalization contributes to development in low-income countries by increasing economic growth rates up to approximately 100% particularly in West Africa, while reducing inflation rates by around 50%.

The West African Economic and Monetary Union (WAEMU) comprises countries with heterogeneous economies that face difficulties in achieving economic convergence despite sharing a common currency. High poverty rates (approximately 46%) and the mismanagement or under exploitation of natural resource revenues contribute to political instability and low levels of development. In this context, the present study builds on an extensive literature review before proceeding to an empirical validation of the proposed hypothesis.

I. Literature Review

This review of the international macroeconomic literature adopts a contrasting perspective, examining both the effects of protectionism and globalization on economic stability worldwide.

A. Protectionism and Economic Growth

Economic literature defines protectionism as the set of government measures aimed at preventing or limiting imports of goods and services. Governments employ tariff barriers (customs duties) to support infant or declining industries against foreign competition. They may also use non-tariff instruments (quantitative restrictions), such as quotas, import bans, technical standards (quality, sanitary, and environmental regulations), currency devaluation or undervaluation, and subsidies to counter unfair competition, restore external balance, and maintain employment in certain sectors.

Mercantilist thinkers advocated tariff-based instruments to increase monetary wealth, particularly gold and silver (Bodin, 1568; Montchrestien, 1616). However, they rejected certain Spanish and English mercantilist views that equated national wealth solely with precious metals. Instead, they emphasized domestic production both agricultural and industrial as the true foundation of national wealth, capable of sustaining the population and generating export revenues. From this perspective, the state must prevent foreign economies from appropriating national production. True independence lies in a nation's ability to adequately feed its population, thereby avoiding external dependence. Financial wealth (gold, silver, and diamonds) is thus seen as a means of facilitating access to essential goods rather than an end in itself.

Selective protectionism was advocated in France to promote manufacturing industries (Colbert, 1970) and ensure the supply of consumer goods. Imports were to be limited to raw materials, while exports would consist primarily of high-value manufactured goods. In contrast, Spanish mercantilism emphasized gold accumulation as the primary source of wealth, enabling the state to finance military power and protect the population from external threats. This approach represents a more radical form of protectionism, wherein the state sought to prevent the outflow of gold while extracting it from colonies an inherently paradoxical position.

English mercantilism also supported selective protectionism, linking national prosperity to trade surpluses. Policies such as the Corn Laws of 1773 and Cromwell's Navigation Acts of 1651 restricted imports transported by non-British vessels. For early mercantilists, international trade was viewed as a zero-sum game, where gains for some countries necessarily implied losses for others. By the 20th century, protectionist tools became less radical, focusing primarily on tariffs. Authors such as List (1856) argued that export specialization under free trade did not lead to economic take-off in the United States, largely due to its dependence on Great Britain.

Tariffs, according to List, are essential for initiating economic development by protecting infant and declining industries. The development of productive forces requires shielding domestic industries from unfair competition. Customs duties thus ensure material prosperity and industrial independence. As he argued, tariff protection represents a temporary sacrifice that yields long-term gains in productive capacity and national autonomy, particularly in times of conflict.

Similarly, Hamilton emphasized the importance of protecting American industries from British competition. Although initially supportive of free trade, Carey later observed a correlation between periods of protectionism and increased national prosperity, concluding that British policies aimed to maintain the United States in a subordinate, quasi-colonial position.

Empirical observations also support the beneficial links between protectionism and economic stability. For instance, Indonesia implemented policies such as export taxes and outright bans on raw material exports (e.g., logs and sawn timber) to promote downstream industries like plywood and furniture manufacturing. These measures reduced domestic raw material prices and encouraged industrial development. However, such industries often remain capital-intensive, generate limited employment, and exhibit weak linkages with other sectors. Nevertheless, moving from raw exports (e.g., crude oil or bauxite) to processed products (refined petroleum or aluminum) can help diversify economic risks and increase value-added.

Michael (1984) analyzes Ghana's development policy between 1950 and 1980, concluding that it failed to achieve broad-based welfare improvements. Under the leadership of Kwame Nkrumah, Ghana adopted an import-substitution industrialization strategy. Prior to this, the country relied heavily on cocoa exports, which accounted for approximately 60% of its real GDP in the late 1950s. At independence in 1957, Ghana had a per capita income of about $500 (in 1983 prices), making it one of the wealthiest countries in Sub-Saharan Africa. However, by 1983, per capita income had declined to $340, falling below that of countries such as Kenya, Pakistan, and Sudan.

While Ghana initially experienced prosperity through cocoa export specialization similar to Malaysia its shift toward import substitution between 1960 and 1980 contributed to economic decline. The abrupt abandonment of agriculture, forestry, and mining reduced export revenues and hindered a gradual transition toward industrialization. Unlike Malaysia, Ghana disengaged from primary commodity production, leading to a sharp decline in cocoa exports. Alternative export sectors failed to compensate for this loss.

In contrast, Côte d'Ivoire adopted a different strategy by increasing investment in coffee production and later diversifying into cocoa, timber, and other primary commodities. Over two decades, its export volumes doubled, and its GDP per capita nearly reached twice that of Ghana. This economic performance attracted significant migration flows from neighboring countries such as Burkina Faso, Mali, Niger, Guinea, and Senegal.

These contrasting experiences highlight the need to critically assess the comparative advantages of protectionism versus integration into global trade for developing countries.

B. Globalization and Economic Growth

In this context, the main forms of globalization include international trade, foreign direct investment (FDI), international migration, the expansion of multinational firms, the diffusion of technology and information, and cooperation among nations.

Since the onset of the 1973 oil crisis, debates between advocates of protectionism and proponents of free trade have intensified. This study focuses specifically on the relationship between international trade and economic growth. Free-trade theorists argue that export specialization is a key source of wealth in the global economy (Smith, 1776; Ricardo, 1817). A country derives monetary gains from international trade when it exports goods produced at

lower cost domestically and imports goods that are relatively more expensive to produce at home. Specialization in goods with an absolute cost advantage leads to economies of scale and increased wealth (Smith, 1776). Smith's framework is based on a single country and product, comparing production costs in terms of labor. Such specialization fosters the international division of labor and contributes to labor mobility, as individuals move to countries where their skills are most valued.

Ricardo (1817) extended this argument by demonstrating that countries can benefit from specializing in goods for which they hold comparative advantages, even if these advantages are relative rather than absolute. His model, based on two countries and two goods, highlights the cumulative gains from trade and reinforces the idea that free trade promotes the international division of labor and specialization. In this framework, international trade is not inherently a source of imbalance.

Globalization contributes to rising living standards and increased purchasing power. It also facilitates the diffusion of innovation, technology, and knowledge. Large-scale production for mass markets (standardized goods) and cultural convergence through openness are additional benefits. For instance, mass production such as the Ford Model T produced on assembly lines reduced costs and made goods accessible to workers. Today, consumers worldwide have access to global brands such as Coca-Cola and McDonald's. Cultural globalization is also evident in the global influence of American music on other countries.

However, critics of globalization highlight its environmental and social costs. Increased production has often come at the expense of environmental sustainability. In agriculture, the widespread use of chemical fertilizers and pesticides has boosted output but harmed ecosystems. Industrialization has intensified the exploitation of natural resources, many of which are becoming increasingly scarce, such as oil. Globalization has also exacerbated waste management challenges.

From a social perspective, heightened competition has driven firms to minimize production costs to enhance competitiveness, sometimes at the expense of wages and employment. The relocation of firms to low-income countries is often motivated by lower labor costs, contributing to job losses in higher-income economies.

Alter-globalization proponents advocate for a more human-centered form of globalization. The post-war international economic order established at the Bretton Woods Conference (July 1–22, 1944) under the influence of John Maynard Keynes and Harry Dexter White is often viewed as a unipolar system. In contrast, emerging economies, particularly within the BRICS framework, promote a more equitable and multipolar global order, which explains the growing expansion and appeal of this bloc.

Export specialization under free trade exposes domestic economies to foreign competition. While exports stimulate competitiveness, they may also lead to price competition that benefits consumers through lower prices. However, domestic markets often exhibit monopolistic or oligopolistic structures, which can lead to higher prices and inefficiencies. According to microeconomic theory, such structures benefit firms in terms of profits but are detrimental to consumers and overall economic welfare.

Exporting firms may benefit from subsidies, the removal of non-tariff barriers, and exchange rate dynamics. For instance, currency appreciation in the host country can increase the profitability of foreign exporters through favorable exchange rate effects.

Ricardo's theory of comparative advantage has been challenged by the Heckscher-Ohlin-Samuelson (HOS) framework, which emphasizes factor endowments. According to this model, countries gain more from trade when they specialize in goods that intensively use their abundant and high-quality factors of production such as labor, capital, and land. Unlike Ricardo and Smith, who focus primarily on labor, the HOS model incorporates multiple factors of production.

Global trade tends to promote convergence in production costs, contributing to equilibrium in domestic and international prices. As resources become scarce, their prices increase, leading to adjustments in production and trade patterns that can foster economic development. The quality of production factors also plays a crucial role in determining prosperity (Leontief, 1953), who observed that a highly skilled American worker could be equivalent to several less-skilled foreign workers.

Proponents of technological progress (Posner, 1961; Vernon, 1966) argue that comparative advantages must be complemented by innovation. Technological leadership allows countries to achieve economies of scale and temporary monopoly positions in global markets. However, these advantages are dynamic and short-lived, as other firms and countries catch up technologically. This requires continuous innovation to maintain competitiveness.

Free trade also promotes growth through patterns such as the "flying geese" model (Akamatsu, 1935), where countries initially import intermediate goods, then develop domestic production, and eventually export finished products. Similarly, Linder (1961) emphasizes the role of domestic demand, arguing that economic growth depends on producing goods that meet internal demand, with trade arising from similarities in consumption patterns rather than comparative advantage alone.

Despite these benefits, some liberal economists have questioned the positive impact of free trade on growth, particularly during economic crises. Imports can contribute to job losses when firms choose to import cheaper finished goods instead of producing domestically. Bhagwati (2004) argues that free trade has deviated from its original objective of promoting balanced growth and has instead become a source of recurring economic crises. He advocates for "defensive protectionism" to safeguard struggling domestic industries, particularly those that are labor-intensive or strategically important (Kaldor, 1961).

Empirical studies on globalization and growth provide mixed results. Some economists identify a bidirectional relationship between export expansion and economic growth, with increased exports leading to productivity gains (Krugman, 1985; Bhagwati, 1988; Grossman and Helpman, 1993). However, there is no consensus regarding causality, as results vary depending on methodologies (time-series vs. cross-sectional analyses) and sample sizes. This lack of consensus does not invalidate the relationship but highlights the importance of considering country-specific factors and development strategies.

Trade liberalization has also influenced export diversification. A comparative study by Feenstra and Kee (2007) shows that export variety increased in liberalized sectors in both China and Mexico, with China exhibiting greater diversification, particularly in electronics. A 1% increase in Chinese exports led to a 0.5% decline in Mexican exports. Similarly, studies in the European Union (1981–1999) indicate a 31% reduction in profit margins in sectors such as plastics, metals, and services due to increased competition.

In developing countries such as India, globalization has reduced price-cost margins in industrial sectors (Krishna and Mitra, 1998), driven by liberalization, technological progress, and economic cycles. In Côte d'Ivoire, integration into global markets in the late 1980s increased competition and reduced production costs, thereby improving consumer welfare.

Research by FAO (2022) and Dithmer and Abdulai (2017) highlights that globalization enhances resource allocation efficiency and increases overall production. It also promotes diversification in agricultural products and distributes gains from specialization, innovation, and access to new goods across the population, contributing to collective welfare.

Recent studies further emphasize the positive contribution of exports to national income and economic performance (Ba, 2025). Empirical evidence from Cameroon shows a significant positive relationship between agricultural trade and economic growth (Oumar, 2021). However, other studies, such as those on Tunisia, indicate that certain export sectors such as citrus may have no significant impact on economic growth (Bakari, 2018).

II. Methodological Analysis of Globalization

This section presents, on the one hand, a statistical analysis of the effects of globalization on cumulative gains and, on the other hand, an econometric approach aimed at verifying the effects of countries' integration into global trade on key economic variables in West Africa.

Statistical Analysis of the Effects of Globalization on Prosperity

This study examines the impact of globalization on prosperity within the West African Economic and Monetary Union (WAEMU), drawing on various data sources as well as statistical and econometric analyses.

Data Sources

The data sources used are diverse. Annual reports from the Central Bank of West African States (BCEAO) covering the period 2004–2022 have been instrumental in assessing the magnitude of globalization's effects on macroeconomic indicators. These are complemented by academic materials from French universities, including *Théories économiques* by Marc Montoussé (2004), *L'essentiel des théories économiques* by Claire-Agnès Guéutin (2012), and her work *L'essentiel de l'économie internationale* (2018). Quantitative data provided by the Banque de France, the International Monetary Fund (IMF), the World Bank, and the National Institute of Statistics and Demography have also significantly contributed to the robustness of this research.

Key academic references such as Bénassy-Quéré's *Economic Policy* (2012), Perkins' *Economic Development* (2008), and Gregory Mankiw's *Macroeconomics* (2013) have been extensively utilized due to their comprehensive insights into the impact of globalization on economic growth.

Recent data spanning the period 2017–2025 were also sourced from secondary databases, notably the World Development Indicators (WDI) of the World Bank and FAOSTAT from the Food and Agriculture Organization (FAO).

Statistical Overview

With regard to globalization within WAEMU, the structure of exports and imports constitutes a significant economic feature. The West African monetary union expanded to include an economic dimension on January 12, 1994, during a meeting of eight heads of state in Ouagadougou. Since then, economic exchanges have intensified,

accompanied by diversification in both exports and imports.

Member states possess abundant natural resources, particularly in the mining and agricultural sectors. Gold and cotton from Burkina Faso and Mali, uranium and oil from Niger, and phosphates from Togo are primarily export-oriented toward global markets. Following the global financial crisis (2008–2011), mineral resources became leading export commodities in Mali and Burkina Faso. Togo, Benin, Burkina Faso, and Mali compete in raw cotton exports, while Côte d'Ivoire specializes in cocoa, coffee, and cashew production. Senegal is notable for its exports of crustaceans, whereas Guinea-Bissau relies heavily on cashew exports.

Across the eight WAEMU countries, exports of gold, uranium, phosphates, and key agricultural commodities such as cocoa, coffee, cotton, and cashew nuts have contributed to improving living standards. However, a significant share of these revenues is reportedly appropriated by political elites and public administrators, often to finance electoral campaigns for legislative and presidential positions. In countries such as Burkina Faso, Mali, and Niger, substantial financial resources have been devoted to presidential elections since the early 1990s, coinciding with the implementation of structural adjustment programs.

The primary economic activities in member states remain agriculture and livestock farming, including the production of millet, sorghum, rice, fonio, yams, sweet potatoes, and fruits such as mangoes in Burkina Faso and Mali. Livestock farming is characterized by large populations of cattle, pigs, goats, and sheep, particularly in Burkina Faso, Mali, Niger, and Togo. A significant share of this production is consumed domestically, while intra-regional trade helps meet food demand in neighboring countries.

Overall, WAEMU countries import hydrocarbons, fertilizers, rice, wheat, chemical products, and transport equipment.

At the aggregate level, globalization has contributed to a gradual increase in GDP per capita within WAEMU over the period 2004–2022. In 2004, imports exceeded exports by 8.2%, resulting in a contraction of -0.32% and an inflation rate of 0.1%. Over time, imports rose to 9.3% above exports, corresponding to a growth rate of 22% and an inflation rate of 1.04% in 2015. Seven years later, imports exceeded exports by 11.5%, associated with a growth rate of 2.58% and an inflation rate of 7.48%.

In this context, globalization may be viewed as a "necessary constraint," as it generates modest economic growth driven by imports, accompanied by a more rapid increase in inflation and unemployment rates. According to both mercantilist and liberal economic perspectives, a country achieves prosperity by exporting more than it imports. This imbalance helps explain the major challenges particularly high unemployment and inflation faced by local economies during this period. Social unrest leading to political regime changes constitutes a significant risk in these states.

Nevertheless, empirical studies continue to highlight the positive effects of globalization on economic growth.

Table 1: Evolution of the Import-to-Export Ratio (%) in Relation to Economic Growth and Inflation Rates

Year	2004	2015	2022
IMP/EXP	8,2%	9,3%	11,5%
Growth rate	-0,32%	2,2%	2,5%
Inflation rate	0,1%	1,04%	7,4%

Figure 1: Representation of the Import/Export Ratio (%) in Relation to the Evolution of Economic Growth and Inflation Rates

Globalization is characterized by rapidly expanding intra- and extra-regional trade and an increasingly favorable business environment. Between 2009 and 2016, the share of total trade in WAEMU's real GDP increased by 70.4%, according to World Bank data. This share varies significantly across countries, reaching approximately 60% in Guinea-Bissau; over 100% in the Sahelian countries alliance (Burkina Faso, Mali, and Niger); 75% in Togo; 73% in Senegal; and 70% in both Côte d'Ivoire and Benin.

The Union's trade flows amount to approximately €22 billion in imports compared to €20 billion in exports with partners such as the European Union (EU), Switzerland, China, and India. Extra-regional trade has increased substantially compared to intra-WAEMU trade, which accounted for about 10% of total trade value in 2015, representing a 10% increase relative to 2010. However, the magnitude of informal trade and data limitations on intra-regional exchanges lead to an underestimation of actual import and export flows.

Within the globalization process, the harmonized legal framework of business law under the nine OHADA

Uniform Acts has facilitated investment. This factor may be one of the most decisive contributors to wealth creation in WAEMU member states. Investment codes have been liberalized with fewer restrictions. However, these legal instruments have limitations, as numerous exemptions and tax incentives coexist with relatively high corporate tax rates ranging from 25% to 30% of profits. In addition, limited access to electricity and political instability remain major constraints to investment within the Union.

Globalization has also contributed to regional growth through the participation of member states in WTO activities via their representation in Geneva. However, dual membership in both ECOWAS and WAEMU, each with its own institutional framework, constitutes an obstacle to full regional integration.

The main conclusion of this statistical analysis is that empirical evidence highlights the significant role of globalization in driving economic growth in West African economies. However, inflation and unemployment remain major constraints, contributing to persistent poverty. The empirical investigation is further extended through an econometric model to assess more rigorously the impact of globalization on local economic growth rates.

B. Econometric Approach

Estimation and Results

Model 1: Econometric Analysis of the Impact of Globalization on Economic Growth in WAEMU

The coefficient associated with the variable measuring globalization is positive (0.0472) and statistically significant at the 1% level (Prob < 0.01). This indicates that globalization is a driver of economic growth in WAEMU.

Table 2: Estimation Results of the Effects of Global Economic Integration on Economic Growth

Variables	Growth rate
Globalization	0,0472***
	(0,006)
Investment	0,1020*
	(0,070)
Inflation	-0,0579
	(0,368)
Public expenditure	0,1746*
	(0,082)
Political stability	-0,0251**
	(0,015)
Constant	2,5872**
	(0,014)
Observation	19
R-squared	0,8893

(***) Significant at the 1% level, (**) significant at the 5% level, (*) significant at the 10% level.

***Source:** Author's calculations based on results obtained using Stata.*

Model 2: Econometric Analysis of the Impact of Globalization on Inflation in WAEMU

The coefficient associated with the globalization variable is also positive (0.0325) and statistically significant at the 5% level (Prob < 0.05) in this second model. This indicates that globalization is a source of inflation in WAEMU.

Consistent with the graphical analysis, globalization in WAEMU may be regarded as a necessary constraint, as it generates economic growth accompanied by a faster increase in the inflation rate, which remains consistent with the unemployment rate.

Table 3: Estimation Results of the Effects of Globalization on Inflation

Variables	Inflation
Globalization	0,0325**
	(0,045)
Investment	0,0254*
	(0,081)
Growth rate	0,0768
	(0,237)
Public expenditure	0,0286*
	(0,073)
Political stability	0,0879*
	(0,023)
Constant	4,2783**
	(0,036)
Observation	19
R-squared	0,8597

(***) Significant at the 1% level, (**) significant at the 5% level, (*) significant at the 10% level.

Source: *Author's calculations based on results obtained using Stata.*

3.2. Discussion of Results

The synthetic analysis of the results reveals a strong parallel evolution between the degree of countries' participation in global trade and the rates of economic growth and inflation. The cumulative effects of globalization have impacted key economic variables such as investment, public expenditure, and political stability, with an estimated coefficient of 10%, corresponding to approximately 100% wealth creation through the stimulation of aggregate production and economic growth.

Indeed, the removal of non-tariff trade barriers, followed by a significant reduction in tariff levels within WAEMU, has substantially contributed to the growth of investment. In turn, these variables have stimulated employment and aggregate output, ultimately leading to an increase in real GDP estimated at an efficiency level of 100%. Furthermore, fiscal discipline and political stability have reinforced macroeconomic stability, characterized by higher production and a significant reduction in inflation rates.

The observed performance is explained by three main advantages of globalization. The scale effect promotes specialization in goods for which a country holds absolute advantages (Smith, 1776) or comparative advantages (Ricardo, 1817). Export specialization generates trade surpluses as countries participate in international markets.

The diversification effect benefits consumers by increasing the availability of both final consumer goods and intermediate capital goods, thereby stimulating investment, employment, and overall economic growth.

The competition effect is reflected in the supply of higher-quality goods at competitive prices. In general, domestic markets often exhibit monopolistic or oligopolistic structures. From a microeconomic perspective, such market configurations benefit firms in terms of profit but are detrimental to consumers and the economy as a whole, as they lead to higher prices and lower output than under competitive market conditions. Globalization facilitates the entry of foreign firms into domestic markets, intensifying competition and improving price efficiency, bringing prices closer to those observed under competitive equilibrium. International competition also stimulates innovation and attracts foreign direct investment (FDI).

Trade openness is compatible with proactive export promotion policies. State intervention may stimulate initial export development. In this context, strategic trade policies such as subsidies, infant industry protection, and currency devaluation can be effective in promoting economic growth (Krugman, 1985). Infant industry protection supports both emerging and declining firms, while subsidies enhance their competitiveness. Competitive firms are better able to

maintain or increase market share, while consumers benefit from lower prices.

Globalization contributes to a reduction in inflation by approximately 50% in WAEMU, thereby supporting an increase in national wealth alongside lower inflation rates. However, globalization also entails negative effects, including political instability and significant public expenditure on defense and security in response to external threats, sometimes supported by foreign powers.

Integration of low-income countries into global markets facilitates the exploitation of natural resources, increasing competition among international actors over domestic territories. This dynamic can contribute to internal conflicts and, in some cases, terrorist activities. Among the eight WAEMU countries, only Senegal and Guinea-Bissau experience occasional attacks, while populations in the remaining countries live under persistent security threats. Cultural and religious dynamics, as well as cultural disconnection processes, have generated debates on identity and social cohesion, particularly in Burkina Faso, Mali, and Niger.

The erosion of cultural identity has contributed to several social challenges, including youth delinquency, moral decline, and rising rates of social isolation, particularly among men. A significant portion of the population remains excluded from the benefits of globalization and does not fully access diversified consumer goods. In this sense, globalization may be viewed as a disruptive trade policy for Africa, particularly in WAEMU member states. This context partly explains the emergence of revolutionary movements in Burkina Faso, Mali, and Niger, which formed the Alliance of Sahel States, aimed at redefining an African socio-economic order based on win-win partnerships and self-centered development strategies, with aspirations to integrate into the multipolar BRICS framework.

This signals the emergence of a new multipolar global economic order, which is presented as a potential transformation of the post-Bretton Woods system established in July 1944. The monetary and financial system established in Kazan in October 2024 by BRICS member states is perceived as a potential turning point in the weakening of financial globalization, given its role in supporting global integration.

Employment creation in the European Union increased from 21.7 million in 2000 to 38 million in 2019. The historic election of Donald Trump on November 5, 2024, along with the emergence of a new international monetary and financial architecture, may significantly reshape global economic and financial relations, potentially mitigating the adverse effects of globalization while promoting peace and prosperity.

In this context, job creation mechanisms for displaced workers and international cooperation remain key advantages of globalization. Moreover, globalization fosters technological progress, pro-trade economic policies, and political stability.

Economically, globalization contributes to reducing inflation rates. In Western Europe, it has improved economic performance and increased consumer purchasing power (Erixon, 2018), while raising real wages through lower consumer prices.

However, free trade under globalization may also affect welfare states, regulatory frameworks, financial system oversight, and the balance of power between states and global finance. According to the United Nations Conference on Trade and Development (UNCTAD), global trade declined by 9% in 2020, and the COVID-19 pandemic significantly disrupted international exchanges. Developed countries tend to benefit more from globalization in terms of public spending on health and education, often at the expense of developing countries. Women are particularly affected due to their greater reliance on social protection programs.

Empirical studies generally conclude that countries adopting free trade policies experience faster average growth than protectionist economies. However, the rapid growth observed in Southeast Asian countries suggests that the most successful outcomes arise from a hybrid model combining selective protectionism and trade openness. Countries such as Japan, the Four Asian Tigers (Hong Kong, Taiwan, South Korea, and Singapore), as well as Malaysia, Thailand, Indonesia, and China adopted partial liberalization strategies, with controlled market openness (approximately 34%), strong educational systems rooted in cultural identity, and selective non-tariff barriers.

The results of this study therefore confirm the hypothesis that globalization can be a source of economic stability for countries of all sizes. Despite its limitations, globalization has supported development in many countries that combine culturally adapted education systems, nationally relevant technologies, and competitive industrialization under controlled openness. Globalization is therefore not solely responsible for the lack of economic take-off in developing countries when it is combined with moderate openness, selective protectionism, non-tariff barriers, and education systems grounded in local cultural values.

Conclusion

Anti-globalization scholars reject globalization on the grounds that it is a source of economic crises. However,

Krugman argues that globalization is not to blame. In this context, this study aims to identify the effects of globalization on economic growth. More specifically, following the rejection of protectionism as a source of wealth creation, the paper seeks to demonstrate that globalization fosters economic stability. This hypothesis is tested using an econometric model.

Overall, the results indicate that globalization affects economic growth primarily through investment, with an estimated impact of approximately 100%. In contrast, globalization contributes to inflation at an estimated rate of 50%. The study proposes the implementation of non-tariff trade barriers based on quality and quantity standards, combined with tariff duties of around 35%. This form of partial liberalization should be accompanied by mutually beneficial economic relations within a new global economic order.

Our next research topic will focus on the effects of classical monetary policy instruments of the Central Bank of West African States (BCEAO) on economic stability in WAEMU. However, an African proverb states that "one who travels alone travels faster, but one who travels with others goes further." Building on this wisdom, we invite researchers to further refine this topic by reflecting on the relationship between the new global economic order and global stability.

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