



PROTECTIONISM LIKE OPTION FOR GROWTH AND DEVELOPMENT IN DEVELOPING COUNTRIES

الحماية كخيار للنمو والتنمية في الدول النامية

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Abstract

The purpose of this paper is to emphasize that the policy of free trade in international commerce is not necessarily the most suitable approach for developing countries (PED) to ensure economic growth and development. It would be a mistake to assume that the benefits of opening up to international trade can automatically be obtained without challenges or conflicts. This article reviews recent and older literature to argue why and how international trade openness is not universally beneficial for all partners involved. Additionally, it aims to determine the economic policies required for successful engagement in international trade.

Keywords

Economic Growth;
Free Trade;
Foreign Commerce;
Globalization;
International Trade;
Protectionism.

JEL Classification Codes : B0, F1

الكلمات المفتاحية

الملخص

هدفت هذه الدراسة إلى التأكيد بأن سياسة التجارة الحرة في التجارة الدولية ليست هي بالضرورة النهج الأكثر ملاءمة للدول النامية لضمان النمو والتنمية الاقتصادية. حيث من الصواب دائما افتراض أن فوائد الانفتاح على التجارة الدولية يمكن الحصول عليها تلقائيا دون أي تحديات أو صراعات. كما تناولت هذه الدراسة أهم الأدبيات سواء الحديثة أو المرجعية حول الحماية لإثبات الأسباب التي تدعم فكرة عدم جدوى الانفتاح التجاري الدولي على نطاق واسع. بالإضافة إلى ذلك، هدفت الدراسة إلى تحديد السياسات الاقتصادية المطلوبة والتي تدعم المشاركة الناجحة في التجارة الدولية.

تصنيف JEL : B0, F1

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I. INTRODUCTION:

Economic history has been characterized by debates over the commercial practices that states should adopt to ensure and accelerate the economic development of nations. One of the most persistently raised questions has been the discussions between proponents of free trade and those of protectionism. This debate focuses on the consequences of each of these respective positions on growth and international trade. Regarding trade liberalization, which free trade advocates support, logic and historical facts suggest that liberalization before empowerment poses significant risks, as it can cause substantial harm to development potential. Logically, a country should not be expected to open its markets until its economic and institutional structures have reached a level that allows it to be competitive in industry.

1. The Research Problem:

Given the critical role of trade policy in achieving an adequate development plan, it is essential to address the following research problem:

Is protectionism the most effective strategy for ensuring economic growth and development in developing countries?

2. Research Objectives:

The objectives of this study are as follows:

- To examine why trade liberalization in developing countries has largely failed to achieve its intended goals.
- To analyze how free market policies have exacerbated inequalities in developing countries.
- To explore the historical use of protectionism by advanced countries prior to their economic takeoff.
- To evaluate the failure of the Washington Consensus in promoting equitable development.
- To assess the role (or lack thereof) of the WTO as a regulator of global trade.

3. Significance of the Research:

Premature trade liberalization exposes the markets of developing countries to products from nations with advanced global competitive capacities, without providing a fair opportunity for local industries to compete. This hasty liberalization often leads to the collapse of local industries, as they are unable to withstand the pressure from more established foreign competitors. Therefore, understanding the balance between protectionism and free trade is crucial for designing policies that foster sustainable economic growth in developing countries.

II. DEFINITION OF PROTECTIONISM AND FREE TRADE

Protectionism and free trade represent two distinct trade policies aimed at achieving specific economic objectives. These policies are traditionally presented as opposing approaches, and states are often required to choose between them when formulating their trade strategies.

Protectionism refers to an economic doctrine and practice wherein a government adopts policies designed to erect tariff and/or non-tariff barriers to protect domestically produced goods from foreign competition. It is also defined as "the policy of states aimed at limiting the volume of imports" (Teulon, 1995). Protectionism can be associated with economic nationalism. Among its advantages, it is argued that protectionism safeguards local economies and preserves employment. However, it may also lead to economic isolation, higher prices, and a loss of competitiveness among domestic firms.

Free trade, on the other hand, is an economic policy that seeks to promote and encourage commercial exchanges between countries without trade barriers such as tariffs. It is a doctrine that advocates for the elimination of all obstacles to international trade. Free trade facilitates price stabilization or lower prices by removing tariffs, resulting in a more affordable and diversified supply of goods. It also enables the conquest of new markets and leads to reduced production costs due to economies of scale. However, free trade has its drawbacks, including unequal exchanges between advanced economies and developing countries, as well as job losses or declines in employment.

III. PROTECTIONISM AND FREE TRADE IN HISTORICAL CONTEXT

This section examines the historical evolution of international trade, which has oscillated between the two primary trade policies: free trade and protectionism. It explores the rationale and circumstances under which a country might prefer one policy over the other.

1. Mercantilism

Mercantilism is an economic doctrine that emerged in the 16th century. According to this doctrine, "the wealth of a state depends on its possession of precious metals" (D'Agostino, Deubel, Mantousse, & Renouard, 2008). Consequently, the state must employ all means necessary to accumulate gold and silver (Busino, 1997). This involves state intervention to "promote monetary enrichment" (Guillochon, 1994).

To express the wealth of the state, the trade balance must be in surplus. Therefore, the state has an interest in retaining its wealth within the country, while simultaneously seeking to increase

exports through subsidies and, on the other hand, "limiting imports and raising tariffs" (SALVATORE, 2007). The objective of this state intervention is to reinforce protectionism.

2. The Classical Theory of International Trade

Adam Smith, with his theory of absolute advantage, demonstrated that each country has an interest in specializing in the production of goods for which it holds an absolute competitive advantage over other countries. This specialization, through the division of labor, leads to an optimal allocation of resources, which can enhance productivity and, consequently, economic growth.

David Ricardo, in the early 19th century (1817), introduced the theory of comparative advantage, which refined Adam Smith's theory of absolute advantage. Ricardo demonstrated that greater openness allows a country to reallocate its limited resources to more advantageous sectors, thereby improving its welfare. Subsequent theories have confirmed these gains and added insights related to the remuneration of production factors.

Classical economists argue for the superiority of free trade over protectionism. They contend that wealth is measured by the total goods and services of a nation, and that international free trade is the foundation of national prosperity.

3. The New Theory of International Trade

Among the economists who contributed to the development of the new theory of international trade, Paul Krugman (Nobel Prize in Economics, 2008) stands out. He introduced the role of increasing returns and imperfect competition in international trade. His theory can be defined as a framework that incorporates these two aspects, which were absent from classical trade theory.

The main results of this new theory of international trade "allow governments to intervene in trade to enable their firms to capture a portion of the rent or to penetrate a market, thereby challenging the arbitrariness and randomness of history. In fact, the pattern of specialization can become locked in due to the accumulation of gains from trade" (Laussel & Montet, 1993).

IV. THE CONSEQUENCES OF TRADE POLICIES ON GROWTH AND DEVELOPMENT

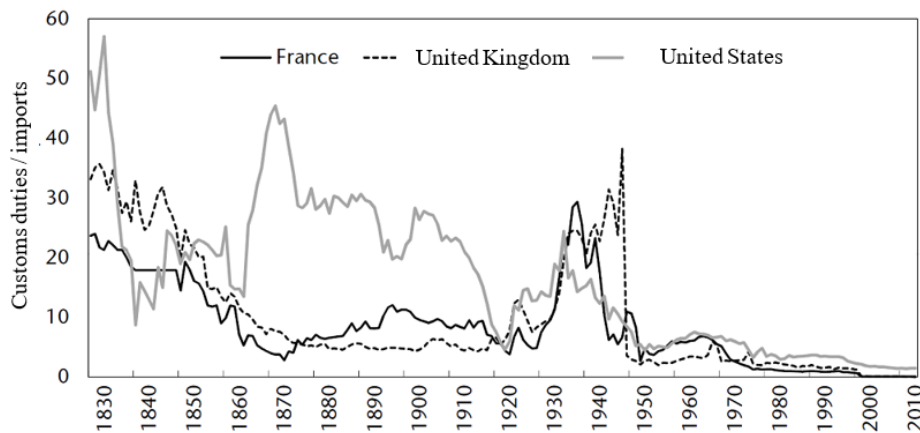
A significant debate has taken place between proponents of free trade and those of protectionism, focusing on the consequences of each policy on economic growth and international trade. This economic controversy spans much of the economic history of the 19th and 20th centuries, from the period preceding World War I—often referred to as the "first globalization"—to the post-1945 era and the evolution of the GATT into the WTO, including the consequences of the 1929 crisis (J.SAPIR, 2022).

In fact, since the 18th century and the development of international trade, major powers have followed different approaches, favoring either protectionism or free trade.

It was also in the 19th century that the first liberal policies were formulated. After intense disagreement, Great Britain reduced its tariff protections, eventually abolishing the Corn Laws in 1846, which had significantly restricted grain imports. France followed this trend of tariff reduction at a distance, while the United States remained protectionist until the early 20th century. "Unilateral liberalization was thus a primarily European phenomenon. The Cobden-Chevalier Treaty, signed by France and the United Kingdom in 1860, marked the beginning of a wave of free trade agreements" (Fouquin, Hugot, & Jean, 2016).

In the 1860s, "the liberalization movement was amplified by the signing of commercial treaties that included the 'most favored nation' (MFN) clause and significantly reduced prohibitions" (BECUWE & BLANCHETON, 2017). The major colonial powers of the time established an international division of labor based on: exporting manufactured goods from industrialized European countries and exporting agricultural and primary products from peripheral countries.

Figure (01): Evolution of Trade Protection: France, United Kingdom, United States, 1827–2010 (in %)



Source: (Fouquin & Hugot, 2016, p. 2).

The Industrial Revolution in Europe during the 19th century led to significant cost reductions, particularly due to the advent of railways and the invention of steamships. "The average unit cost of maritime transport was thus divided by three between 1840 and 1910" (Harley, 1988).

The year 1879 is generally cited as a milestone for the "return to protectionism" (Blancheton, 2020). Indeed, while tariff protection dominated European countries throughout the 19th century, the 1860s saw a progression in trade liberalization, particularly through the Cobden-Chevalier Treaty between France and Great Britain. This free trade movement, however, was quickly contested, leading to a strengthening of protectionist trade policies by 1870. Tariffs began to rise as early as 1881, increasing from 6.1% to 7.1%. It was in this context that Jules Méline proposed a protectionist law to the Chamber of Deputies. This law, featuring a dual tariff system, was passed on January 11, 1892. The objective of this law was to defend French agriculture by preventing the entry of foreign agricultural products. The reversal or shift in trade policy can be explained by the global

economic recession, the decline in world prices (a 40% drop between 1874 and 1899), and increased competition from new countries in the food sector (e.g., American wheat).

The period 1860–1879 saw a phase of free trade in Europe, while in the United States, this period was marked by a strengthening of protectionism.

V. 1879–1945: THE RETURN TO PROTECTIONISM

1. From 1879–1914: Protectionism Favored in Western Europe

Protectionism Favored in Western Europe from 1879–1914, on this shift was driven by pressure from the agricultural sector. Many decisions were made across several countries. In Germany, Chancellor Bismarck introduced the July 1879 tariff, declaring, "Until now, ports widely open to imports have made us a dumping ground for the surplus production of foreign countries." In France, the "loi de cadenas" (Padlock law) of 1897 allowed for automatic tariff increases in cases of agricultural overproduction, in addition to the Méline Tariff of 1892. Other countries also adopted protectionist measures: Russia (Mendelev Tariff of 1892) and the United States with McKinley Tariff of 1890 and Dingley Tariff of 1897.

Paul Bairoch (1989) is perhaps the author who best traced the evolution of tariff policies in the 19th century. For Europe, he identified five phases from 1815 to 1914 (Batou & Thomas, 2002):

- 1815–1846: Gradual adoption of free trade in the United Kingdom, but maintenance of protectionism in the rest of the West;
- 1846–1860: Efforts by the United Kingdom to persuade continental Europe to adopt its liberal policies;
- 1860–1879: A free trade interlude in Europe;
- 1879–1892: A gradual return to protectionism on the continent;
- 1892–1914: Increasing protectionism in continental Europe, but maintenance of liberalism in the United Kingdom.

The questioning of the superiority of free trade in the second half of the 19th century, along with criticisms of the role of colonization in Western economic development (while acknowledging its responsibility for the underdevelopment of the Third World), represents some of the most well-known examples of this demystification effort (Batou & Thomas, 2002).

2. From 1914–1945: The Scale of Protectionism

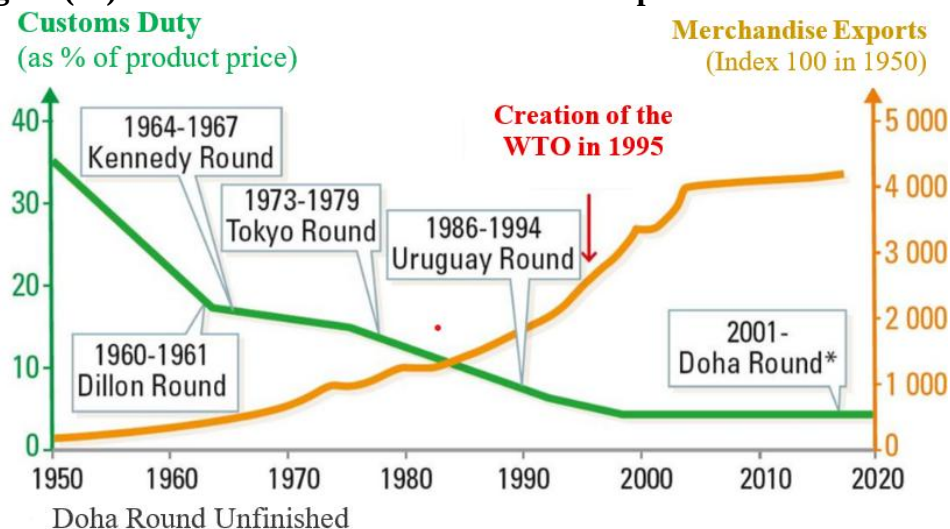
The 1920s saw a contraction in trade due to an uncertain monetary context, while the 1930s were marked by a retreat into autarky. With the adoption of the Smoot-Hawley Tariff in the United States in June 1930 and the economic crisis of the 1930s, a global trade war erupted, significantly limiting the decline in trade. Protectionist measures were reinforced by harmful practices such as quotas and competitive devaluations. Commercial and financial relations were also marked by the rise of bilateralism (agreements between two countries or specific organizations). "The sacred

egoism of nations revived mercantilist logics of confrontation, where trade once again became a zero-sum game. The trade war extended into a global conflagration" (BECUWE & BLANCHETON, 2017).

3. Post-1945: Increasingly Open Economies

In 1947, 23 countries signed an agreement on the liberalization of trade in goods, the *General Agreement on Tariffs and Trade (GATT)*. Several negotiation rounds were held, leading to a reduction in tariffs, particularly on manufactured goods. The Marrakesh Agreement, signed in 1994, led to the creation of the *World Trade Organization (WTO)* in 1995.

Figure (02): Decline in Tariffs and Increase in Exports from Round to Round



Source: WTO Data 2015 and 2018.

While the interwar period saw a growth rate in international trade lower than that of production—due to the return of protectionism and a significant decline in international trade—the decades following World War II did not see a significant intensification of international trade for several reasons:

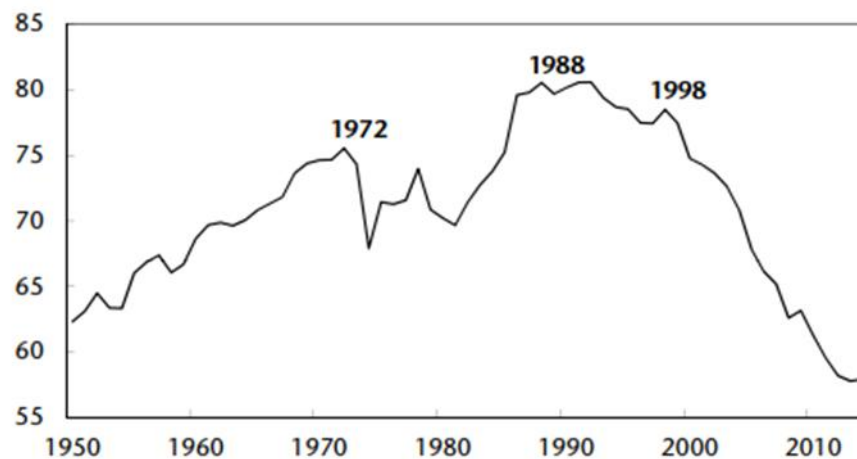
- The 1950–1960 period saw the independence of most colonized countries, which sought to free themselves from the economies of developed countries. For example, "India, which under British rule imposed an average tariff of only 5%, imposed an average tariff of 90% after independence" (BECUWE & BLANCHETON, 2017).
- Many of these countries adopted new economic policies as development strategies, primarily import substitution industrialization.
- China, for its part, applied a doctrine of "self-reliance."
- For Europe, after the signing of the Treaty of Rome in 1957, "it was not until 1968 that the customs union was completed" (BECUWE & BLANCHETON, 2017).

Thus, it was primarily developed countries that embarked on the path of trade liberalization. From the 1960s onward, there was an explosion in international trade, with developed countries

dominating these exchanges (see the graph below). Indeed, the share of these countries in world trade rose from 62% to 76% between 1950 and 1976, with their exports even exceeding 80% in 1988.

What should be noted about international trade is, first, the exchange of manufactured goods between developed countries, which forms the most dynamic component of world trade, and second, the establishment of an international division of production processes under the leadership of multinational firms.

Figure (02): Share of Developed Countries in World Exports, 1950–2014 (in %)



Source: (IMF, 2016) International Financial Statistics and calculations by Fouquin and Hugot.

VI. THE WASHINGTON CONSENSUS: A NEW CONTEXT FOR DEVELOPMENT

The Washington Consensus refers to a set of policy proposals aimed at promoting economic development in developing countries. To avoid excessive elaboration, we will focus on the key directives of this consensus:

- Limited state intervention;
- Balanced state budgets;
- Privatization of state-owned enterprises;
- Liberalization and openness to international trade;
- Elimination of barriers to foreign direct investment.

In essence, the Washington Consensus primarily advocates for the deregulation of economies in developing countries.

Following the failure of the import-substitution model adopted by many developing countries, this new growth model—the Washington Consensus—emerged in the 1980s. It was influenced by

and implemented through structural adjustment programs (SAPs) under the guidance of international financial institutions (IFIs).

The Washington Consensus has been widely criticized due to its dramatic and detrimental effects on the economies of countries that faithfully adopted its policies. Overall, these countries did not achieve the expected economic outcomes, such as growth and development, debt reduction, inequality reduction, or increased integration into global trade.

For over two decades, the Washington Consensus has largely yielded negative results. Its impact on developing countries has been extensively analyzed. Many researchers have examined this topic, including E. Berr and F. Combarrous (2004), who argue that the Washington Consensus failed to achieve its objectives:

The Bretton Woods institutions—namely the IMF, the World Bank, and the WTO—have persistently promoted the idea that implementing the liberal economic policies of the Washington Consensus would necessarily improve the economic and social conditions of poor countries. However, these institutions "have not been able to conclusively demonstrate this" (Berr & Combarrous, 2004).

The policies pursued in the 1980s and 1990s led to the stagnation of developing economies (Easterly, 2001). Other authors argue that extreme poverty has not decreased and that inequalities between countries continue to widen, suggesting that "the current development model is a dead end" (Wade, 2004). Some economists, such as Weisbrot and Baker (2003), assert that "trade liberalization does not promote growth and development."

With a more targeted analysis, Rodrik (1998), like Stiglitz (2002), shows that the liberalization of capital movements does not lead to stronger growth or sustained development. The Washington Consensus has not enabled developing countries to achieve their desired objectives. Policies based on free trade have failed to help these nations catch up with industrialized countries. On the contrary, the gap between developed and developing countries has widened.

In addition to the Washington Consensus (1989), which advocates outward-oriented economic policies, the 1990s also witnessed other significant political and economic developments. These include the collapse of the Soviet bloc, which marked the failure of communist policies, with all countries—except North Korea, Cuba, and perhaps Venezuela—adopting market capitalism as a path to prosperity and peace. China's transformation into a market economy, marked by the opening of its borders and the removal of barriers to international capital mobility, also played a key role. The creation of the WTO in 1995, which initially included 75 countries and expanded to approximately 164 countries by 2016, further shaped the global economic landscape. Finally, the rapid rise of information and communication technologies (ICT) has transformed international trade.

VII. WHY SHOULD DEVELOPING COUNTRIES BE MORE PROTECTIONIST THAN FREE TRADE-ORIENTED?

This question has sparked significant interest and debate. With the escalation of conflicts and tensions between traditional economic powers and emerging economies, the term "Global South" has emerged to replace what was once referred to as the "Third World." This term reflects the situation of developing countries with low and middle incomes, which continue to face significant challenges in managing crises and financing development. The countries of the Global North have benefited from their economic head start and have taken advantage of the persistent inequality in international trade between themselves and countries with lower incomes and wages.

The end of World War II marked the birth of a new global economic order under the supervision of the Bretton Woods institutions—the International Monetary Fund (IMF) and the World Bank. It was in this context that many colonized countries gained independence during the 1950s and 1960s. As Berr and Combarnous (2004) note: "Some attempted to build their own development models, freeing themselves from the tutelage of former colonial powers and the two blocs that emerged from the Cold War." This period saw the rise of the Third World on the international stage and the emergence of the Non-Aligned Movement.

Structuralist economists and proponents of dependency theory argue that international trade constitutes a handicap to development. "Underdevelopment has historical roots linked to the productive structures of Southern countries, where traditional sectors with low productivity dominate, specializing in primary products exported to developed countries, over which they have no direct control over prices. At the same time, these countries import manufactured goods essential for their development, the prices of which are set by developed countries" (Berr & Combarnous, 2004).

In the framework of center-periphery analysis, the persistent economic lag of developing countries is explained by the fact that their specialization in natural resources (agriculture and mining) was imposed by colonizers or industrial powers, leading to poor integration into the international division of labor (IDL). Indeed, the prices of raw materials exported by developing countries increase more slowly than those of manufactured goods they import from industrialized countries. This is known as the deterioration of terms of trade, which results in an unequal distribution of the gains from trade. The theories of Singer (1959) and Prebisch (1960) advocate for import substitution industrialization (ISI) policies, which aim for rapid industrialization, assign a more interventionist role to the state, and require tariff protection for industrial sectors.

Protectionist policies have made a strong comeback since the 2008 economic crisis, particularly with the rise to power of leaders like Ronald Reagan in the United States. Trade barriers have continued to increase in recent years, as confirmed by the Global Trade Alert website, created by the American think tank Centre for Economic Policy Research to track trade policies implemented after the 2008 crisis. As of now, the site has documented a total of 19,687 discriminatory measures

implemented by various governments, compared to 7,886 trade liberalization measures (Global trade alert, 2024).

This reflects an industrial policy based on market mechanisms, which advanced countries favored in the decades following World War II. There has been a resurgence of mercantilist ideas, which held that the world's wealth was limited and that states should accumulate wealth by restricting imports and expanding trade, even if it meant resorting to wars, colonial occupation, and human trafficking to control markets, raw materials, and accumulate gold as a measure of wealth. Today, we live in a world where trade, capital, and investments operate under practices far removed from the rules of free trade. Protectionist measures taken by Western countries are often justified as efforts to combat climate change, protect public economic interests, or support the poorest segments of society...etc.

VIII. THE WTO AND THE DOHA ROUND: A FAILURE

After many years since the launch of the Doha Round, none of its original objectives have been achieved. The negotiations have consistently been hindered by the conflicting interests of member countries, particularly the most developed ones. This failure can be seen as a representation of dysfunctional multilateralism on one hand and a consequence of the return to protectionism among major global powers on the other. The Doha Round was intended as a development program to enable the least developed countries to access the markets of wealthy nations and to review or eliminate subsidies granted by states (such as the European Union and the United States) to the agricultural sector. Notably, developing countries have been the strongest advocates of the Doha Round process. Indeed, in the area of agriculture, the elimination of subsidies in European and American markets would have been a significant boon for farmers in the Global South. Unfortunately, the negotiations have not succeeded, representing a major loss for developing countries. This outcome underscores the lack of international solidarity in matters of trade.

For major powers such as the United States and the European Union, the growth of emerging economies—particularly China—and the weakening of political support for multilateral agreements like the Doha Round have diminished their leadership role. "The WTO no longer addresses the concerns of civil society, particularly regarding social rights, environmental issues, or food security" (Siroen, 2019).

A Moribund WTO

The WTO is facing a profound crisis. It is unable to address its challenges, whether in negotiations, dispute resolution, or the enforcement of trade rules. Before the creation of the WTO in 1995, eight rounds of negotiations were held. Since 1995, this has been the longest period during which the organization has failed to adapt the rules of international trade. The world is confronted with sluggish economic growth, weak demand, and increasing protectionist practices and behaviors. Additionally, the pandemic crisis has destabilized global trade. Although global trade has

quadrupled between 1995 and 2018, rising from 5.2 trillion to 5.2 *trillion* to 19.5 trillion (Hiault, 2020), the benefits of globalization have not been equitably distributed.

Although the WTO attempted to regain momentum by announcing an ambitious new round in Doha in 2001, promising that new discussions would focus on the development of poor countries, "liberalization is no longer the ultimate goal of negotiations. It has become one tool among others, with the ultimate goal being economic development" (Abbes, 2006). WTO members exchanged the possibility of opening Northern markets to Southern agricultural products and renewing commitments to reduce export subsidies for agricultural products. "In vain, the talks have stalled" (Ravier, 2003). With sometimes violent protests, such as at the 1999 Seattle conference, and the failure of discussions, multilateral trade has begun to decline and weaken, marking a halt to free trade. After all, completely free trade, pure and perfect competition, does not exist (Laidi, 2022).

After more than two decades, advanced countries have changed their strategies, sidelining the multilateral approach in favor of bilateral negotiations.

IX. NEO-PROTECTIONISM: REGIONAL PROTECTIONISM

Regional integration links geographically proximate countries, where "economic relations tend to transcend political borders to foster the formation of integrated markets" (SIROËN, 2004).

For the WTO, regional trade agreements (RTAs) also include agreements signed between countries that are not necessarily located in the same geographic region.

Regional agreements began in the 1950s with the creation of the European Coal and Steel Community (ECSC) in 1952, which later became the European Union with 27 member states. This was followed by several regional economic partnerships, such as the Association of Southeast Asian Nations (ASEAN) in 1967, the Economic Community of West African States (ECOWAS) in 1975, and the Southern Common Market (MERCOSUR) in 1991. The United States, Canada, and Mexico followed in 1992 with the North American Free Trade Agreement (NAFTA). In the same year, 11 Asia-Pacific countries (excluding China) came together under the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), or in French, the Partenariat transpacifique global et progressiste (PTPGP). Finally, on November 15, 2020, Beijing and 14 Asia-Pacific countries committed to the Regional Comprehensive Economic Partnership (RCEP). "This is a market that represents 30% of the world's population and 30% of global GDP" (Laidi, 2022). Some economists consider it the most important trade agreement in the world. Additionally, there has been a notable increase in regional trade agreements. Indeed, "as of June 15, 2021, 349 regional trade agreements (RTAs) were in force worldwide" (EY, 2021).

The global trade crisis worsened during the coronavirus pandemic. In the second quarter of 2020, "exports decreased by 17.7% and imports by 16.7% compared to the first quarter" (OCDE,

2020). During this crisis, several countries introduced protectionist measures, such as barriers to the export of medical equipment and subsidies to domestic companies to encourage local production.

What can be said about the global single market? It appears to be at an impasse, and we are heading straight toward stronger economic integration at the regional level.

X. COVID-19 AND INTERNATIONAL TRADE

While the COVID-19 pandemic has been recognized by the World Health Organization as a public health issue, it has also had other severe consequences. Economically, most experts predict a global recession that could take a severe form in certain regions. For example, JP Morgan Research "forecasts a contraction in GDP over two quarters in the United States ranging between -10% and -25%, and for the eurozone, between -15% and -22%" (Morgan, 2020).

The global SARS-CoV-2 pandemic has reshuffled the deck. Europe has discovered, to its dismay, its industrial dependence on Asia, particularly China, especially in the medical sector. "Europeans lack masks, gloves, hand sanitizer, ventilators, and even medications" (Laidi, 2022). To hell with free trade—when danger looms, it's every country for itself (Laidi, 2022).

The COVID-19 pandemic has led to increased protectionism, causing significant disruptions in international trade. The role of the state in the economy has intensified, with governments playing a more direct role in protection. When major powers turn to protectionism, everyone feels the effects. According to the State Intervention Index by year (AHIR, BLOOM, & FURCERI, 2020), between 2009 and 2021, the United States implemented 399 interventions aimed at liberalizing trade but 2,647 interventions aimed at restricting it. This trend is widespread: China implemented 2,957 restrictive interventions, Germany 1,993, and Italy 891. This indicates that most countries have intervened more to restrict international trade than to liberalize it.

Chang, in his book *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism* (2008), argues that the complete opening of trade borders has rarely worked as a development strategy and that economic interventionism produces far better results in terms of growth and poverty reduction.

Finally, it should be noted that, based on historical economic facts, developing countries lose far more than they gain from free trade. After many years of shifting trade policies and since the advent of the Washington Consensus, "opening the economy means expanding the market... Opening the economy means having the opportunity to change the growth trajectory to benefit from dynamic gains" (Guérin, 1999). However, as economic reality has shown, this openness can also be dangerous. While trade liberalization can act as a catalyst for growth by stimulating certain factors, it is not sufficient on its own. Openness does not guarantee improvements in production and competitiveness, nor does it ensure the diversification of exports.

Thomas Friedman, a neoliberal economist, asserts that there is no other way for poor countries to escape their misery than through unfettered capitalism and barrier-free international trade.

However, in reality, the development of international trade has not benefited all countries equally. While some have greatly benefited from free trade, "the excessive and unrestricted openness of certain countries to the outside world has had negative effects on their economic development" (Alliouche, 2012).

Faced with such situations of economic and social degradation following hasty, imposed, and unstudied openness, developing countries are forced to reassess their economic situation. They must implement reasonable protectionist measures and open up to foreign trade in a planned and gradual manner, striving to protect their domestic production apparatus.

The return to protectionism is now evident. It did not begin with the COVID-19 pandemic. The link between free trade and rising inequality—one of the key arguments in favor of protectionism—has been widely validated (Galbraith & Choi, 2020).

XI.CONCLUSION:

Throughout the history of economic events, economic policy has never been fixed in one camp, whether it be free trade or protectionism. All nations and countries began by protecting their economies before opening up to the outside world at a later stage. Examples include Great Britain and the United States. Since the issue of economic policies was first raised, there has been an alternation between periods of openness and closure. At times, both have coexisted.

The world today is characterized by a new global economic disorder in which all countries are losers—a "lose-lose" scenario. It has entered a non-cooperative game. Trade has once again become a battle without an arbiter. It is entirely normal that some countries lose more than others, and these are, of course, the poorest countries.

Developing countries remain on the margins of the global economy because they derive no significant benefits from the globalization of trade. They are faced with the challenge of finding an optimal trade policy. The effectiveness of this policy lies in its degree of integration into the development strategy. It is not necessarily the product of an exclusive choice. On the contrary, it must result from a search for multiple combinations between these two alternatives (free trade and protectionism) to consolidate development.

The shift toward protectionism is concentrated in the old industrial countries, which no longer hesitate to challenge the international economic order they established after World War II with the Bretton Woods agreements in 1944, the establishment of the GATT in 1948, and the WTO in 1995 (Siroen J. , 2017).

For developing countries, it seems that protectionism should not be absolute and should focus on sectors where their industries excel, in order to protect local products while encouraging firms to improve quality and increase investment.

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