

Nalanda Open University

Department of Economics

- Name of Counsellor – Dr. Amit Ranjan
- Name of Course Coordinator – Prof. (Dr.) D. N. Jha
- Course – BA Economics (Part –III)
- Paper – VI (International Economics)
- Topic – Protection in Developing Countries

Introduction of Protection

Harry G Johnson “Policies that create a divergence between relative prices of commodities to domestic consumers and producers and their relative prices in the world market.”

Supporters of Protectionism

Alexander Hamilton

Fredric List

Henry Charles Carey

Arguments in Favour of Protection

- Infant Industry Arguments
- Diversification of Industries
- Home Market Arguments
- Basic Industries Arguments
- Employment Arguments
- Local Available resources Arguments.
- Wage Arguments

Arguments in Against of Protection

- Encouragement of Inefficient Industries
- Poor economic utilization of economic resources
- Loss of consumers
- Fall in the efficiency of Industry
- Reduction in Foreign Trade