

# ECONOMICS IN THE REAL WORLD

## TEACHER RESOURCE

A-LEVEL



ADAM SMITH  
INSTITUTE

### Protectionism

*The students should be familiar with the concept of free trade) the pros and cons of trade) and the trade creation diagram*

**Starter activity** - Present the trade creation diagram on the board. Show consumer surplus shaded on the diagram. Ask the class 'If free trade clearly increases consumer surplus, GDP etc., why are some countries so dedicated to introducing policies that restrict trade?' Ask students to contribute ideas. (5 mins)

Give students activity 1 and in pairs, to ask students which country they believe was more successful in introducing a protectionist policy and why. After pairs have discussed, go round each pair to contribute their thoughts. If students are struggling, ask them guidance questions such as 'do you think the form of protectionist policy makes a difference?' 'do you think the industry they are protecting matters?' etc. (20 mins)

After the class discussion, give students the rest of the reasons countries pursue protectionist policies, one being the infant industry argument. Tell the class that they will focus on this. Explain the reasons behind the infant industry argument (to let domestic firms grow-a detailed explanation can be found in the student resources) including Prebesh Singer Hypothesis.

Using **Activity 2**, go through both the UK coal industry and Japan that are both examples of the infant industry argument in action and discuss the benefits of using it.

After this ask students what they think the downfalls of the infant industry argument is. As students contribute ideas, write a list on the board.

Give them any they do not contribute.

From here, present **Activity 3** to the students with an initial paragraph written and ask the students to add a second paragraph such that there is balance to the answer. Allow them to write the paragraph in groups of 3. Ask students to email their paragraphs to the teacher after 20 minutes and present each groups on the board, ask the class which bits they like from each and combine the best of each answer to create a model answer evaluation point.