Colonialism as protectionism

On the arrival of European powers to other continents in the 15th century, global economic network was expanded in unilateral form. The European colonies in other regions were built not only for the reasons of security, emigration or sole nationalism against each other, but also for economic benefits. The colonies not only provided precious goods and scarce resources but also constructed a specific protectionist system.

Game:

Now the world is composed of three countries, A and B have both 50 population each while C has 20 population. Each country has one factory. Three factories in the world have same technological level to manufacture shirts, pants and steam iron.

Rule 1: a population needs 10 shirts, 10 pants and 1 iron.

Rule 2: production cost and price of each product per unit depend on quantity of production. The relationship between cost, price and quantity is as in the table.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Shirts | Pants |  |  | Iron |
| Quant. | Cost | Price | Cost | Price |  | Quant. | Cost | Price |
| 500 | 10 | 20 | 20 | 30 |  | 50 | 150 | 300 |
| 200 | 11 | 22 | 21 | 32 |  | 20 | 160 | 320 |
| 700 | 9 | 18 | 19 | 28 |  | 70 | 140 | 280 |
| 1200 | 8 | 16 | 18 | 26 |  | 120 | 130 | 260 |

Rule 3: All countries can control tradability over itself and its colony (They cannot control tradability of each product separately). Similarly, all countries also can decide which factory (in A, B, or C) can produce for all its controlled territory,

**Question 1**: When all countries are independent, how much is the benefit that each factory obtains and the price that each citizen pays?

**Question 2**: When A colonizes C, how much are the factory’s benefit and citizen’s payment?

**Question 3**: If full trade liberalization comes into force, what would be the factory’s benefit and citizen’s payment?

**Question 4**: What is the political implication of the three situations compared?