

Introduction

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1 Overview

Cross-border trade is not a phenomenon that is novel or unique to modern times. The importance of the spice, amber and silk routes traversing Asia, the Mediterranean and North and East Africa for trading in these and other goods in the ancient world is well known. Cross-border commerce generated wealth not only for those who engaged in it but also for the kingdoms through which the goods traversed. The Roman Empire, which had trade routes going through its lands and along its shores, for instance, used a variety of mechanisms to raise revenues. Use of import duties on wares arriving at their trading posts and regulation of the routes were an integral part of their economic policy.¹ This age-old practice of using tariffs such as duties and customs regulations remains to this day. They are not simply a means of raising revenues but they also restrict market access to foreign producers. Imposing duties on imported goods is often justified on the grounds of welfare, though 'Welfare for whom?' one might ask. It is for the welfare of the domestic industry whose goods are likely to be cheaper than the imported goods. The question of efficiency, consumer expectations or choices are not really a part of this equation. Recent history does provide illustrations of newly independent countries levying high duties on imported goods and adopting a quota system to protect their fledgling industries and to encourage growth. India provides a good illustration of the use of such techniques in their economic growth policy and planning techniques.² Protectionism, however, is not conducive to global economic growth and this was realised soon after the Second World War when there

1 See Chapter IV, SE Sidebotham, *Roman Economic Policy in the Erythra Thalassa 30 BC-AD* (Leiden: EJ Brill, 1996), 217; J Toutain, *The Economic Life of the Ancient World* (reprinted by Arno Press, New York, 1979).

2 See JCH Chai and KC Roy, *Economic Reform in China and India* (Glos, UK: Edward Elgar, 2006); S Chand and K Sen, 'Trade Liberalisation and Productivity Growth: Evidence from Indian Manufacturing,' *Review of Development Economics* 6 (2002): 120.

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